PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3279. By Mr. CLASON: Petition of George A. Picard, Raymond A. Lyman, and Vincent B. Dignam, selectmen of the town of Easthampton, Mass., requesting Congress to consent to the ratification of the Connecticut River flood-control compact, as approved by the Legislatures of the States of Massachusetts, Vermont, Connecticut, and New Hampshire; to the Committee on Flood Control.

3280. By Mr. COFFEE of Washington: Petition of the Teachers' Federation of Pierce County, P. E. Drew, secretary, pointing out that the adult education program of the Works Progress Administration has performed an important educational function in the State of Washington during the past 2 years and therefore should be enlarged to meet the great demand for this type of education, and that steps should be taken to insure 12 months' tenure, and that workers' education should be placed under a separate Federal project, so as to more effectively meet the demand it was created for; to the Committee on Appropriations.

3281. Also, resolution in the form of a telegram of the International Woodworkers of America, Harold J. Pritchett, international president, pointing out that reduction of appropriations for National Labor Relations Board will have the effect of destroying efficiency of such Board and is a palpable attack upon labor itself, and therefore demanding the appropriation by the Congress to such Labor Relations Board in an amount as originally requested; to the Committee on Appropriations.

3282. Also, petition of the Washington State Federation of Teachers, B. M. Patten, secretary, pointing out that whereas an alarming portion of the population of the United States is inadequately housed; that this evil condition is not a current question only but one of long standing; and that because the Wagner-Steagall housing bill, now pending before Congress, seeks to eradicate some of the existing social ills in housing, it should be passed by the Congress of the United States; to the Committee on Banking and Currency.

3283. Also, petition of the Washington State Federation of Teachers, B. M. Patten, secretary, pointing out that peace is an impossibility so long as private munitions interests are allowed to ship arms abroad to warring nations or to noncombatant nations engaged in the resale of armaments and the continuation of a war, and that Congress should pass the proposal made by Senator GERALD NYE and Representative HAMILTON FISH, asking for legislation prohibiting the export of arms, ammunition, and implements of war to foreign countries during times of peace in this Nation; to the Committee on Foreign Affairs.

3284. Also, resolution in the form of a telegram of the executive board of the Washington Commonwealth Federation, Howard Costigan, executive secretary, insistently demanding there be no reduction in appropriation for the National Labor Relations Board; to the Committee on Appropriations.

3285. Also, resolution in the form of a telegram of the Committee for Industrial Organization, Richard Francis, regional director, opposing reduction in appropriation for Labor Relations Board and stating that the Labor Relations Board is the surest guarantee of peace and prosperity in industry; to the Committee on Appropriations.

3286. Also, resolution in the form of a telegram signed by Mary Lytle, outstanding Democratic leader, representing numerous liberal organizations, protesting reduction of appropriations of the National Labor Relations Board; to the Committee on Appropriations.

3287. Also, resolution in the form of a telegram of the Federal employees of Sixth Congressional District, demanding that the House of Representatives consider and vote favorably upon the wage and hour bill before adjourning; to the Committee on Labor.

3288. By Mr. CURLEY: Petition of Local 802, American Federation of Musicians, Associated Musicians of Greater New York, urging enactment of the Allen-Schwellenbach bill; to the Committee on Appropriations.

3289. Also, petition of the American Labor Party, New York State, urging enactment of the Wagner-Steagall housing bill as originally presented; to the Committee on Banking and Currency.

3290. By Mr. HEALEY: Petition of the Cooks and Stewards Division of the National Maritime Union of America, at their last regular business meeting, Friday, June 25, 1937, expressing their condolence and sympathy with the bereaved family of Congressman William P. Connery, late chairman of the House Committee on Labor, as it is the opinion of the membership that, in the death of William P. Connery, Congress has lost a valued and progressive Member and labor an irreplaceable proponent; to the Committee on Labor.

3291. By Mr. PETERSON of Georgia: Petition of citizens of Screven County, Ga., concerning the old-age pension bill (H. R. 2257); to the Committee on Ways and Means.

3292. By Mr. SADOWSKI: Petition of the Banana Belt Timber Co., Manistee, Mich., commending the United States forest supervisor and his staff on the able manner in which his office is conducted; to the Committee on Agriculture.

3293. Also, petition of the Board of Supervisors, Keweenaw County, Mich., urging the Federal Government to adopt some means whereby counties and townships in which national parks are incorporated be reimbursed for the financial loss sustained by the removal of such lands from the tax roll; to the Committee on the Public Lands.

3294. By Mr. TURNER: Petition of citizens of Perry County, Tenn., urging Congress to enact the old-age pension bill as embodied in House bill 2257; to the Committee on Ways and Means.

SENATE

WEDNESDAY, AUGUST 18, 1937

(Legislative day of Monday, Aug. 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Tuesday, August 17, 1937, was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	King	Radcliffe
Andrews	Davis	La Follette	Schwartz
Ashurst	Donahey	Lee	Schwellenbach
Austin	Ellender	Lewis	Sheppard
Bankhead	Frazier	Lodge	Shipstead
Barkley	George	Logan	Smathers
Berry	Gerry	Lonergan	Smith
Bone	Gillette	Lundeen	Steiwer
Borah	Glass	McAdoo	Thomas, Okla.
Bridges	Green	McGill	Thomas, Utah
Brown, Mich.	Guffey	McKellar	Townsend
Brown, N. H.	Hale	Minton	Truman
Bulkley	Harrison	Moore	Tydings
Burke	Hatch	Murray	Van Nuys
Byrd	Herring	Neely	Wagner
Byrnes	Hitchcock	Nye	Walsh
Capper	Holt	Overton	Wheeler
Caraway	Hughes	Pepper	White
Chavez	Johnson, Calif.	Pittman	
Connally	Johnson, Colo.	Pope	

Mr. LEWIS. I announce that the Senator from Wisconsin [Mr. DUFFY] and the Senator from Georgia [Mr. RUSSELL] are absent on official duty as members of the committee appointed to attend the dedication of the battle monuments in France.

I further announce that the Senator from Mississippi [Mr. BILBO], the Senator from South Dakota [Mr. BULOW],

the Senator from Missouri [Mr. CLARK], my colleague the junior Senator from Illinois [Mr. DIETERICH], and the junior Senator from North Carolina [Mr. REYNOLDS] are absent as members of the committee appointed to attend the celebration commemorative of the three hundred and fiftieth anniversary of the birth of Virginia Dare at Roanoke Island, N. C.

The senior Senator from North Carolina [Mr. BAILEY], the Senator from Connecticut [Mr. MALONEY], and the Senator from Nevada [Mr. MCCARRAN] are absent because of illness.

The Senator from Wyoming [Mr. O'MAHONEY] is necessarily detained from the Senate.

I ask that this announcement stand in the RECORD for the day.

Mr. SCHWELLENBACH. I announce that the Senator from Nebraska [Mr. NORRIS] is detained from the Senate because of illness.

Mr. AUSTIN. I announce that my colleague the junior Senator from Vermont [Mr. GIBSON], having been appointed a member of the committee to attend the dedication of the battle monuments in France, is absent on that official duty.

The VICE PRESIDENT. Seventy-eight Senators have answered to their names. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2281) to regulate proceedings in adoption in the District of Columbia.

The message also announced that the House insisted upon its amendment to the bill (S. 707) for the relief of Lucille McClure, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. KENNEDY of Maryland, Mr. COFFEE of Washington, and Mr. CASE of South Dakota were appointed managers on the part of the House at the conference.

The message further announced that the House insisted upon its amendment to the bill (S. 1637) for the relief of Mrs. Charles T. Warner, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. KENNEDY of Maryland, Mr. COFFEE of Washington, and Mr. CASE of South Dakota were appointed managers on the part of the House at the conference.

The message also announced that the House insisted upon its amendments to the bill (S. 1640) for the relief of Harry Bryan and Alda Duffield Mullins, and others, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. KENNEDY of Maryland, Mr. COFFEE of Washington, and Mr. CASE of South Dakota were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 2711) to create a Division of Water Pollution Control in the United States Public Health Service, and for other purposes, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MANSFIELD, Mr. DEROUEN, Mr. GREEN, Mr. SEGER, and Mr. CARTER were appointed managers on the part of the House at the conference.

(Subsequently, a message from the House of Representatives informed the Senate that Mr. GAVAGAN was appointed a manager at the conference above referred to on the amendment of the Senate to House bill 2711, vice Mr. GREEN, resigned.)

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 4276) to amend an act entitled "An act to create a juvenile court in and for the District of Columbia", and for other purposes, agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PALMISANO, Mr. NICHOLS, and Mr. DIRKSEN were appointed managers on the part of the House at the conference.

The message further announced that the House had agreed to the amendment of the Senate to the bill (H. R. 4277) to provide for the extension of certain prospecting permits, and for other purposes.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 6563) to define, regulate, and license real-estate brokers, business-chance brokers, and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 363) to authorize an additional appropriation to further the work of the United States Constitution Sesquicentennial Commission.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 8245. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1937, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1938, and for other purposes; and

H. R. 8266. An act to amend the District of Columbia Traffic Act, as amended.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 413. An act to create a commission and to extend further relief to water users on United States reclamation projects and on Indian irrigation projects;

S. 1216. An act authorizing the Secretary of the Interior to convey certain land to the State of Montana, to be used for the purposes of a public park and recreational site;

S. 1282. An act to amend Articles of War 50½ and 70;

S. 1551. An act to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to the collection of State taxes;

S. 1696. An act to authorize the revision of the boundaries of the Snoqualmie National Forest, in the State of Washington;

S. 1816. An act to amend section 77 of the Judicial Code, as amended, to create a Brunswick division in the southern district of Georgia, with terms of court to be held at Brunswick;

S. 1889. An act authorizing the Secretary of the Interior to convey all right, title, and interest of the United States in certain lands to the State of New Mexico, and for other purposes;

S. 2249. An act providing for the manner of payment of taxes on gross production of minerals, including gas and oil, in Oklahoma;

S. 2401. An act for the relief of sergeant-instructors, National Guard, and for other purposes;

S. 2613. An act for the relief of certain applicants for oil and gas permits and leases;

S. 2614. An act authorizing the Secretary of the Interior to patent certain tracts of land to the State of New Mexico and Cordy Bramblet;

S. 2682. An act to authorize the Secretary of the Interior to issue patents to States under the provisions of section 8 of the act of June 28, 1934 (48 Stat. 1269), as amended by the act of June 26, 1936 (49 Stat. 1976), subject to prior leases issued under section 15 of the said act;

S. 2751. An act to authorize the transfer to the jurisdiction of the Secretary of the Treasury of portions of the property

within the West Point Military Reservation, N. Y., for the construction thereon of certain public buildings, and for other purposes;

S. 2851. An act to authorize the reservation of minerals in future sales of lands of the Choctaw-Chickasaw Indians in Oklahoma;

S. 2882. An act to authorize the construction of bridges in Caddo Parish, La.;

S. 2888. An act to authorize the Secretary of the Interior to lease or sell certain lands of the Agua Caliente or Palm Springs Reservation, Calif., for public airport use, and for other purposes;

H. R. 4277. An act to provide for the extension of certain prospecting permits, and for other purposes;

H. R. 7909. An act to amend the Federal Farm Loan Act, to amend the Emergency Farm Mortgage Act of 1933, to amend the Farm Credit Act of 1933, to amend the Federal Farm Mortgage Corporation Act, to amend the Agricultural Marketing Act, and for other purposes; and

H. J. Res. 363. Joint resolution to authorize an additional appropriation to further the work of the United States Constitution Sesquicentennial Commission.

SAFETY DEVICES ON RAILROADS

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 29) to promote the safety of employees and travelers on railroads by requiring common carriers engaged in interstate commerce to install, inspect, test, repair, and maintain block-signal systems, interlocking, automatic train-stop, train-control, cab-signal devices, and other appliances, methods, and systems intended to promote the safety of railroad operation, which were, on page 1, to strike out lines 3, 4, and 5 and to insert "That section 26 of the Interstate Commerce Act, as amended (U. S. C., 1934 ed., title 49, sec. 26), is hereby amended to read as follows:"; on page 1, line 6, to strike out "47" and insert "26"; on page 1, line 7, and page 2, line 1, to strike out "the Interstate Commerce Act" and insert "this part"; on page 2, to strike out lines 11 and 12; on page 2, line 13, to strike out "(c)" and insert "(b)"; on page 2, line 13, after "investigation", to insert "if found necessary in the public interest"; on page 2, line 25, to strike out "approval of this section" and insert "enactment of this amendatory provision"; on page 3, line 11, to strike out "(d)" and insert "(c)"; on page 3, line 14, to strike out "three" and insert "six"; on page 3, line 15, to strike out "approval of this section" and insert "enactment of this amendatory provision"; on page 4, line 13, to strike out "(e)" and insert "(d)"; on page page 4, line 19, to strike out all after "the" down to and including "no" in line 20 and insert "subject. Such persons shall be in the classified service and shall be appointed after competitive examinations according to the law and the rules of the Civil Service Commission governing the classified service. No"; on page 5, line 1, to strike out "(f)" and insert "(e)"; on page 5, line 12, to strike out "(g)" and insert "(f)"; on page 5, line 24, to strike out "40, 41, and 42 of this chapter" and insert "3, 4, and 5 of the act entitled 'An act requiring common carriers engaged in interstate and foreign commerce to make full reports of all accidents to the Interstate Commerce Commission, and authorizing investigations thereof by said Commission', approved May 6, 1910 (U. S. C., 1934 ed., title 45, secs. 40, 41, and 42)"; on page 5, line 25, to strike out "(h)" and insert "(g)"; on page 6, line 5, to strike out "(i)" and insert "(h)"; on page 6, line 16, to strike out "of" and insert "showing"; on page 6, line 17, to strike out "Interstate Commerce"; and to amend the title so as to read: "An act to require certain common carriers by railroad to install and maintain certain appliances, methods, and systems intended to promote the safety of employees and travelers on railroads, and for other purposes."

Mr. BARKLEY. I move that the Senate concur in the House amendments.

The motion was agreed to.

PROVISIONAL OFFICERS OF WORLD WAR

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 1040) placing provisional officers of the World War in the same status with emergency officers of the World War and extending to them the same benefits and privileges as are now or may hereafter be provided by law, orders, and regulations for said emergency officers, and for other purposes, which were, on page 1, line 6, after "life", to insert ", or who entered the Navy from civil life and who were promoted to commissioned or warrant grades or ranks"; and on page 2, line 9, to strike out all after "law" down to and including "pay" in line 11.

Mr. SHEPPARD. I move that the Senate concur in the House amendments.

The motion was agreed to.

EXTRA PAY TO ENLISTED MEN

The VICE PRESIDENT laid before the Senate the amendment of the House of Representatives to the bill (S. 1283) to increase the extra pay to enlisted men for reporting, which was, on page 1, line 3, after "men", to insert "of the Army."

Mr. SHEPPARD. I move that the Senate concur in the House amendment.

The motion was agreed to.

PAYMENT TO AMERICAN WAR MOTHERS, ETC.

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 1516) to authorize certain payments to the American War Mothers, Inc.; the Veterans of Foreign Wars of the United States, Inc.; and the Disabled American Veterans of the World War, Inc., which were, on page 2, to strike out all of section 2 and to insert:

SEC. 2. The special fund created pursuant to this act is hereby appropriated, and the Secretary of the Treasury is hereby authorized and directed to divide said special fund into six as nearly equal parts as is possible and to pay one such part to each of the following organizations: The American Gold Star Mothers of the World War and the American War Mothers, Inc.; and two such parts to each of the following: The Veterans of Foreign Wars of the United States, Inc.; and the Disabled American Veterans of the World War, Inc.

And to amend the title so as to read: "An act to authorize certain payments to the American Gold Star Mothers of the World War and the American War Mothers, Inc.; the Veterans of Foreign Wars of the United States, Inc.; and the Disabled American Veterans of the World War, Inc."

Mr. SCHWELLENBACH. I move that the Senate concur in the House amendments.

The motion was agreed to.

DIVISION OF WATER POLLUTION CONTROL

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H. R. 2711) to create a Division of Water Pollution Control in the United States Public Health Service, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BARKLEY. I move that the Senate insist on its amendment, agree to the conference asked by the House of Representatives, and that the Chair appoint the conferees on the part of the Senate, who will be named later.

The VICE PRESIDENT. The question is on the motion of the Senator from Kentucky.

The motion was agreed to.

Subsequently, the Presiding Officer (Mr. GERRY in the chair) appointed Mr. COPELAND, Mrs. CARAWAY, Mr. GUFFEY, Mr. CLARK, and Mr. WHITE conferees on the part of the Senate.

PAYMENT OF CLAIMS AGAINST THE GOVERNMENT OF MEXICO—CONFERENCE REPORT

Mr. PITTMAN. I submit a conference report on House Joint Resolution 437 and ask for its immediate consideration.

The VICE PRESIDENT. The report will be read.

The Chief Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 437) relative to determination and payment of certain claims against the Government of Mexico, having met,

after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same.

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

"SEC. 5. Section 6 of the Act approved April 10, 1935, creating the Special Mexican Claims Commission, and for other purposes, is amended to read as follows:

" 'SEC. 6. The Commission shall complete its work within three years from the date on which it undertakes the performance of its duties, at which time all powers, rights, and duties conferred by this Act upon the Commission shall terminate. If the President finds the Commission has completed its work prior to such expiration date, he may terminate all such powers, rights, and duties of the Commission by Executive order.' "

And the Senate agree to the same.

KEY PITTMAN,
TOM CONNALLY,
Managers on the part of the Senate.

S. D. MCREYNOLDS,
SOL BLOOM,
JOE W. MARTIN,
Managers on the part of the House.

Mr. AUSTIN. Mr. President, I should like to ask the Senator on what Senate amendments the Senate conferees receded?

Mr. PITTMAN. The Senate conferees did not recede on any amendment. The House agreed to the first Senate amendment and agreed to the second Senate amendment with an amendment. The amendment which the House added provided that while the life of the special Commission should be extended 1 year, the President should have authority to discontinue the special Commission upon the completion of the work, if it should be completed at an earlier date. I move the adoption of the report.

The VICE PRESIDENT. The question is on agreeing to the conference report.

The report was agreed to.

SPECIAL COMMITTEE ON CONSERVATION OF WILDLIFE RESOURCES

The VICE PRESIDENT. The Chair appoints the Senator from Delaware [Mr. HUGHES] as a member of the Special Committee on Conservation of Wildlife Resources, created under authority of Senate Resolution No. 246, Seventy-first Congress, second session, as subsequently extended, to fill the cancancy caused by the death of Hon. Peter Norbeck, late a Senator from the State of South Dakota.

SUPPLEMENTAL ESTIMATES OF APPROPRIATIONS

The VICE PRESIDENT laid before the Senate nine communications from the President of the United States (together with the accompanying letters from the Acting Director of the Bureau of the Budget), transmitting, pursuant to law, supplemental estimates of appropriations, which, with the accompanying papers, were referred to the Committee on Appropriations and ordered to be printed, as follows:

A supplemental estimate of appropriation for the United States Coast Guard, Department of the Treasury, amounting to $77.89, for the payment of the claim of Samuel A. Vansant against the United States and adjusted by the Secretary of the Treasury under the provisions of the act approved June 15, 1936 (S. Doc. No. 104);

A supplemental estimate of appropriation for the Veterans' Administration, the Navy Department, and the War Department, amounting to $497,106.82, for payment of judgments rendered by the Court of Claims against the United States under those departments and obligated by the acts approved September 30, 1890, and April 27, 1904 (S. Doc. No. 105);

A supplemental estimate of appropriation for the Department of Justice, amounting to $233.88, for payment of damage claims resulting from the activities of Federal Bureau of Investigation employees and adjusted by the Attorney General under the act approved March 20, 1936 (S. Doc. No. 106);

A supplemental estimate of appropriation for payment of claims allowed by the General Accounting Office, amounting to $78,410.44, as covered by certificates of settlement under appropriations the balances of which have been carried to the surplus fund under the provisions of section 5 of the act of June 20, 1874, and for the services of certain executive departments and independent offices (S. Doc. No. 107);

A supplemental estimate of appropriation for the Navy Department, amounting to $313.63, for payment of damage caused by the U. S. S. *Unadilla* and adjusted by the Secretary of the Navy under the act approved December 28, 1922 (S. Doc. No. 108);

A supplemental estimate of appropriation for payment of claims allowed by the General Accounting Office, amounting to $9,576.62, covering judgments rendered in the United States District Court for the Southern District of New York against the Collector of Customs, port of New York, N. Y. (S. Doc. No. 109);

A supplemental estimate of appropriation for certain executive departments and independent offices, amounting to $4,746.27, for damages to privately owned property and adjusted under the provisions of the act of December 28, 1922 (S. Doc. No. 110);

A supplemental estimate of appropriation for the Department of State, fiscal year 1938, for payment to Cecile C. Cameron, widow of Alfred D. Cameron, late a Foreign Service officer at London, England, $4,400 (S. Doc. No. 112); and

A supplemental estimate of appropriation for the Department of State, fiscal year 1938, for emergencies arising in the Diplomatic and Consular Service, amounting to $500,000 (S. Doc. No. 111).

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram from the Chinese Student Association of North America, Ann Arbor, Mich., relative to the pending Sino-Japanese crisis in the Far East and expressing the hope that the United States will take no action in the premises that might inure to the benefit of the alleged aggressor nation, which was referred to the Committee on Foreign Relations.

Mr. WALSH presented a resolution adopted by the City Council of Everett, Mass., opposing the bringing into the United States of orphaned children from foreign countries, which was referred to the Committee on Foreign Relations.

He also presented resolutions endorsed by the selectmen of Amherst, Blandford, and Easthampton, all in the State of Massachusetts, favoring the prompt approval and ratification, without amendment, of the Connecticut River Interstate Flood Control Compact, so that immediate construction of impounding reservoirs may be possible, which were ordered to lie on the table.

Mr. COPELAND presented a resolution adopted at a mass meeting held under the auspices of the Kings County Consolidated Civic League, Brooklyn, N. Y., favoring the prompt enactment of legislation to reduce the interest rate from 5 to 3 percent on all Home Owners' Loan Corporation mortgages, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by the Genesee Conservation League, Inc., Rochester, N. Y., favoring the enactment of the bill (S. 2670) to provide that the United States shall aid the States in wildlife-restoration projects, and for other purposes, which was ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. McGILL, from the Committee on Pensions, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 5787. A bill granting pensions and increases of pensions to certain soldiers who served in the Indian Wars from 1817 to 1898, and for other purposes (Rept. No. 1243); and

H. R. 7531. A bill to afford protection of pension benefits to peacetime veterans placed on the pension rolls after March 19, 1933, and for other purposes (Rept. No. 1244).

Mr. BROWN of Michigan, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 1858. A bill for the relief of Charles E. Names (Rept. No. 1245);

H. R. 2192. A bill for the relief of Paul and A. B. Johnson (Rept. No. 1246);

H. R. 2195. A bill for the relief of Oliver Z. Hoge (Rept. No. 1247); and

H. R. 2215. A bill for the relief of Gallup's, Inc. (Rept. No. 1248).

Mr. ELLENDER, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H. R. 2339. A bill for the relief of Orba Caress (Rept. No. 1249);

H. R. 2451. A bill for the relief of Jerome H. Howard (Rept. No. 1250);

H. R. 2455. A bill for the relief of Bertha L. Frank (Rept. No. 1251);

H. R. 2649. A bill for the relief of Elva T. Shuey (Rept. No. 1252);

H. R. 2994. A bill for the relief of Lamar Snipes and Luther S. Snipes (Rept. No. 1253); and

H. R. 3276. A bill conferring jurisdiction upon the United States District Court for the District of New Jersey to hear, determine, and render judgment upon the claim of the Delaware Bay Shipbuilding Co., Inc. (Rept. No. 1254).

Mr. COPELAND, from the Committee on Immigration, to which was referred the bill (H. R. 4291) to extend further time for naturalization to alien veterans of the World War under the act approved May 25, 1932 (47 Stat. 165), to extend the same privileges to certain veterans of countries allied with the United States during the World War, and for other purposes, reported it without amendment and submitted a report (No. 1255) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 7849. A bill authorizing State Highway Commission of Arkansas and State Highway Commission of Mississippi to construct, maintain, and operate a toll bridge across the Mississippi River at or near Lake Village, Chicot County, Ark., and to a place at or near Greenville, Washington County, Miss. (Rept. No. 1256); and

H. R. 8167. A bill to extend the times for commencing and completing the construction of a bridge across the Delaware River between the village of Barryville, N. Y., and the village of Shohola, Pa. (Rept. No. 1257).

Mr. ASHURST, from the Committee on the Judiciary, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H. R. 2702. A bill to permit grand-jury extensions to be ordered by any district judge (Rept. No. 1258); and

H. R. 5900. A bill to amend the bank-robbery statute to include burglary and larceny (Rept. No. 1259).

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which were referred the following bills, reported them each without amendment:

S. 2912. A bill to authorize the city of Ketchikan, Alaska, to issue bonds for street improvements, and for other purposes; and

H. R. 6747. A bill to amend section 3 of the act entitled "An act to provide a civil government for Puerto Rico, and for other purposes", increasing borrowing margin of municipality of Mayaguez.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the resolution (S. Res. 167) requesting the Secretary of Agriculture to investigate flaxseed prices and matters affecting same (submitted by Mr. NYE on the 4th instant), reported it without amendment.

He also, from the same committee, to which was referred the joint resolution (S. J. Res. 201) for the relief of certain persons conducting farming operations whose crops were destroyed by hailstorms, reported it with an amendment and submitted a report (No. 1260) thereon.

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (H. R. 7950) to amend the District of Columbia Alcoholic Beverage Control Act, reported it with an amendment and submitted a report (No. 1261) thereon.

Mr. WALSH, from the Committee on Finance, to which was referred the resolution (S. Res. 144) directing the Tariff Commission to investigate the production costs of cemented shoes (submitted by Mr. WALSH and Mr. LODGE on June 14, 1937), reported it with an amendment and submitted a report (No. 1262) thereon.

ASSISTANT CLERK, COMMITTEE ON COMMERCE

Mr. COPELAND, from the Committee on Commerce, reported a resolution (S. Res. 180), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That Resolution No. 55, Seventy-fifth Congress, agreed to February 10, 1937, authorizing the Committee on Commerce to employ an assistant clerk to be paid from the contingent fund of the Senate at the rate of $1,800 per annum during the first session of the Seventy-fifth Congress, hereby is continued in full force and effect until the end of the Seventy-fifth Congress.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills:

On August 17, 1937:

S. 854. An act for the relief of James O. Cook; and

S. 2871. An act for the protection of certain enlisted men of the Army.

On August 18, 1937:

S. 413. An act to create a commission and to extend further relief to water users on United States reclamation projects and on Indian irrigation projects;

S. 1216. An act authorizing the Secretary of the Interior to convey certain land to the State of Montana, to be used for the purposes of a public park and recreational site;

S. 1282. An act to amend Articles of War 50½ and 70;

S. 1551. An act to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to the collection of State taxes;

S. 1696. An act to authorize the revision of the boundaries of the Snoqualmie National Forest, in the State of Washington;

S. 1816. An act to amend section 77 of the Judicial Code, as amended, to create a Brunswick division in the southern district of Georgia, with terms of court to be held at Brunswick;

S. 1889. An act authorizing the Secretary of the Interior to convey all right, title, and interest of the United States in certain lands to the State of New Mexico, and for other purposes;

S. 2249. An act providing for the manner of payment of taxes on gross production of minerals, including gas and oil, in Oklahoma;

S. 2401. An act for the relief of sergeant-instructors, National Guard, and for other purposes;

S. 2613. An act for the relief of certain applicants for oil and gas permits and leases;

S. 2614. An act authorizing the Secretary of the Interior to patent certain tracts of land to the State of New Mexico and Cordy Bramblet;

S. 2682. An act to authorize the Secretary of the Interior to issue patents to States under the provisions of section 8 of the act of June 28, 1934 (48 Stat. 1269), as amended by the act of June 26, 1936 (49 Stat. 1976), subject to prior leases issued under section 15 of the said act;

S. 2751. An act to authorize the transfer to the jurisdiction of the Secretary of the Treasury of portions of the property within the West Point Military Reservation, N. Y., for the construction thereon of certain public buildings, and for other purposes;

S. 2851. An act to authorize the reservation of minerals in future sales of lands of the Choctaw-Chickasaw Indians in Oklahoma;

S. 2882. An act to authorize the construction of bridges in Caddo Parish, La.; and

S. 2888. An act to authorize the Secretary of the Interior to lease or sell certain lands of the Agua Caliente or Palm

Springs Reservation, Calif., for public airport use, and for other purposes.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. THOMAS of Oklahoma:

A bill (S. 2979) for the relief of Glenn Morrow; to the Committee on Claims.

By Mr. POPE:

A bill (S. 2980) to authorize the Secretary of the Interior to permit the payment of the costs of repairs, resurfacing, improvement, and enlargement of the Arrowrock Dam in 20 annual installments, and for other purposes; to the Committee on Irrigation and Reclamation.

By Mr. RADCLIFFE:

A bill (S. 2981) for the relief of Charles Recht, Horace S. Whitman, H. Rozier Dulany, Jr., William Lee Rawls, William L. Marbury, Jr., Victor A. Gartz, Rose Weiss, and Osmond K. Fraenkel; to the Committee on Claims.

By Mr. TRUMAN:

A bill (S. 2982) granting a pension to Anna Elliott; to the Committee on Pensions.

By Mr. McADOO:

A bill (S. 2983) to authorize the registration of certain collective marks; to the Committee on Patents.

By Mr. MOORE:

A bill (S. 2984) to provide retired pay for Members of Congress after 20 years' service; to the Committee on Appropriations.

By Mr. WALSH:

A bill (S. 2985) for the relief of John F. Fahey, United States Marine Corps, retired; to the Committee on Naval Affairs.

By Mr. COPELAND:

A bill (S. 2986) to amend section 6 of the act approved May 27, 1936 (49 Stat. L. 1380); to the Committee on Commerce.

By Mr. BULKLEY:

A joint resolution (S. J. Res. 211) establishing a Springfield-Greenville Memorial Commission to formulate plans for the construction on Memorial Common, Springfield, Ohio, of a monument to commemorate the Battle of Piqua, and for the construction of a memorial building to commemorate the Treaty of Greene Ville, at Greenville, Ohio; to the Committee on the Library.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated below:

H. R. 8245. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1937, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1938, and for other purposes; to the Committee on Appropriations.

H. R. 8266. An act to amend the District of Columbia Traffic Act, as amended; to the Committee on the District of Columbia.

MEASUREMENT OF VESSELS USING PANAMA CANAL—AMENDMENTS

Mr. COPELAND submitted five amendments intended to be proposed by him to the bill (H. R. 5417) to provide for the measurement of vessels using the Panama Canal, and for other purposes, which were ordered to lie on the table and to be printed.

AMENDMENT TO THIRD DEFICIENCY BILL

Mr. BYRNES submitted an amendment intended to be proposed by him to House bill 8245, the third deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place to insert the following:

"Notwithstanding any other provisions of section 32 of Public, No. 320, Seventy-fourth Congress, as amended, not to exceed $65,000,000 of the funds available under said section 32 in each of the fiscal years 1938 and 1939 shall be available (at such times and in such amounts as the Secretary of Agriculture may determine) until expended for a price-adjustment payment, upon such terms and conditions as the Secretary of Agriculture may determine, with respect to the 1937 cotton crop to cotton producers who have complied with the provisions of the 1938 agricultural adjustment program formulated under the legislation contemplated by Senate Joint Resolution 207, Seventy-fifth Congress. Such payments to any producer shall be at a rate per pound equal to the difference between 12 cents per pound and the average price of seven-eighths Middling cotton on the 10 spot-cotton markets on the dates of sale of the cotton first marketed by the producer, to the extent of that portion of his crop for which payments are authorized under this section, but in no case shall exceed 3 cents per pound. Such payments with respect to each farm shall be based upon the aggregate normal yield of the cotton base acreage that was or could have been established under the provisions of the 1937 agricultural conservation program less the aggregate normal yield of the maximum acreage for which a diversion payment offer was made under said program. Such payments shall be divided among cotton producers in the proportion that they were entitled to share in the 1937 cotton crop, or the proceeds thereof, under their lease or operating agreement and the facts constituting the bases for any such payment, or the amount thereof, when officially determined in conformity with rules prescribed by the Secretary of Agriculture shall be reviewable only by the Secretary of Agriculture."

STATUS OF DEBTS OWED THE UNITED STATES BY FOREIGN GOVERNMENTS

Mr. LEWIS. Mr. President, I submit a resolution and ask that it may be read, and I give notice that I purpose taking up the subject tomorrow.

The VICE PRESIDENT. The resolution submitted by the Senator from Illinois will be read.

The Chief Clerk read the resolution (S. Res. 181), as follows:

Resolved, That the Secretary of State, if not incompatible with public interests, report to the United States Senate if there is now existing proceedings addressed to the collection, adjustment, or cancelation of the debts of the nations indebted to the United States, particularly that which arises from and through the World War and immediately following the World War in form of debts for commercial industry; and that the Secretary of State report to the Senate if there be now prospects from his point of view of collection, adjustment, cancelation, or disposition of the debts in the immediate future, and at about what time or date the result could be expected.

Mr. LEWIS. I ask that the resolution lie on the table.

The VICE PRESIDENT. The resolution will lie on the table.

ASSISTANT CLERK, COMMITTEE ON EDUCATION AND LABOR

Mr. THOMAS of Utah submitted the following resolution (S. Res. 182), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That Resolution No. 20, Seventy-fifth Congress, agreed to February 10, 1937, authorizing the Committee on Education and Labor to employ an assistant clerk, to be paid from the contingent fund of the Senate at $2,000 per annum during the first session of the Seventy-fifth Congress, hereby is continued in full force and effect until the end of the Seventy-fifth Congress.

NINE-FOOT CHANNEL, MISSISSIPPI RIVER—ARTICLE FROM MINNEAPOLIS JOURNAL

[Mr. FRAZIER asked and obtained leave to have printed in the RECORD an article from the Minneapolis Journal of July 18, 1937, relative to the advantages of a 9-foot channel in the Mississippi River, which appears in the Appendix.]

BANKING CONDITIONS IN MARYLAND—ARTICLE FROM BALTIMORE SUN

[Mr. RADCLIFFE asked and obtained leave to have printed in the RECORD an article from the Baltimore Sun of the issue of Aug. 11, 1937, entitled "Maryland Banks Make Sharp Gains", which appears in the Appendix.]

WORK OF THE NATIONAL LABOR RELATIONS BOARD

[Mr. WAGNER asked and obtained leave to have printed in the RECORD a table and comment from Business Week of the issue of July 24, 1937, on the work of the National Labor Relations Boards, which appear in the Appendix.]

PROCEEDINGS AT FARLEY TESTIMONIAL DINNER, FEBRUARY 15, 1937

[Mr. WAGNER asked and obtained leave to have printed in the RECORD the proceedings at the testimonial dinner for Hon. James A. Farley at the Mayflower Hotel, Washington, D. C., on Feb. 15, 1937, which will appear hereafter in the Appendix.]

SPEECHES BY SENATORIAL MEMBERS OF BATTLE MONUMENTS COMMISSION

Mr. BARKLEY. Mr. President, I ask unanimous consent that the Senator from Wisconsin [Mr. DUFFY], the Senator from Georgia [Mr. RUSSELL], and the Senator from Vermont [Mr. GIBSON] may be permitted to print in the CONGRESSIONAL RECORD any addresses delivered by them during their mission in France in connection with the American Battle Monuments Commission.

The VICE PRESIDENT. Is there objection?

Mr. LA FOLLETTE. Mr. President, is the request to print the addresses in the Appendix of the RECORD or in the body of the RECORD?

Mr. BARKLEY. In the Appendix of the RECORD.

Mr. CONNALLY. Mr. President, reserving the right to object, I did not understand the request of the Senator from Kentucky.

Mr. BARKLEY. My request was that the three Senators now in France in connection with the American Battle Monuments Commission may have permission to insert in the Appendix of the RECORD any addresses delivered by them while on that mission.

Mr. CONNALLY. I have no objection.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

PROCEEDINGS IN ADOPTION IN THE DISTRICT—CONFERENCE REPORT

Mr. KING submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2281) to regulate proceedings in adoption in the District of Columbia, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendment numbered 2.

That the Senate recede from its disagreement to the amendment of the House numbered 1, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "If an investigation already has been made by a social agency approved by the court, the Board of Public Welfare shall accept it instead of making one itself: *Provided*, That the foregoing provisions of this section relating to investigations and reports by the Board of Public Welfare or an approved social agency shall not apply, if an investigation has already been made by a recognized religious or fraternal organization, having under its care minors for adoption, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and if such organization appears in the proceeding and reports to the court the results of its investigation and its recommendations with respect to the adoption"; and the House agree to the same.

WILLIAM H. KING,
JOHN H. OVERTON,
ARTHUR CAPPER,
Managers on the part of the Senate.

VINCENT L. PALMISANO,
AMBROSE J. KENNEDY,
EVERETT M. DIRKSEN,
Managers on the part of the House.

The report was agreed to.

CIVIL-SERVICE STATUS FOR LEGISLATIVE EMPLOYEES

Mr. TOWNSEND. Mr. President, I desire to make an explanation of Senate bill 2024, to amend the civil-service law to permit certain employees of the legislative branch of the Government to qualify for positions under the competitive classified civil service, which is on the calendar.

This bill amends the civil-service law by granting a civil-service status to persons who have served not less than 4 years as clerks or assistant clerks in the legislative branch of the Government.

In effect, it simply gives the executive branch the opportunity to draft into civil-service positions such experienced legislative employees as may be needed in the various departments, and gives to such employees the opportunity to be so employed by the executive branch. It does not establish a civil-service register for former legislative employees, nor does it in any way give them a preference over other persons with a competitive civil-service status.

The bill does not make employees of the legislative branch eligible for civil-service status regardless of merit. It specifically provides that appointments may be made only after the Civil Service Commission has approved the qualifications of the appointee through "such tests of fitness as the Commission deems proper." It is evident, therefore, that the Commission will always be provided with a weapon with which to bar from appointment in the competitive civil service such persons as may fail to meet the qualifications established by the Commission. In this respect the bill is on all fours with the Executive orders which give a civil-service status to White House employees of 2 years' service.

The bill is drawn on the theory that 4 years or more of service to Congress should be equivalent to a competitive civil-service examination for positions of like nature. I cannot believe that any Member of Congress who takes into consideration the qualifications of any of his 4-year employees will take issue with that theory.

In this respect the bill gives to legislative clerks and assistant clerks of 4 years' service the recognition given to professional classes, such as lawyers, whose experience and training are accepted in lieu of a competitive examination.

The Civil Service Commission has expressed dissatisfaction with the bill as a matter of policy. The Commission holds that the fundamental principle of competitive examinations should not be violated. In the case of the proposed legislation that argument does not hold. Legislative employees are already Government employees who have seen service in the most exacting branch of the Government. They are in the same status as the employees of the White House. I would call to the attention of the Senate that for more than 25 years the principle of transferring White House employees with 2 years' service to a civil-service status has been established. Such transfer does not require a special order. It is made under the provisions of Executive orders of January 9, 1909, and February 1, 1912. This bill merely applies the same principle to legislative employees, but requires 4 years of employment instead of only 2. No violation of policy is involved. Rather is there involved the matter of extending the policy with respect to other experienced persons—both in and out of Government service—the substitution of experience for competitive examination.

Legislation of this character has long been needed. I think every Member of Congress is aware of the many obstacles in the way of applying the competitive civil-service principle to legislative positions. It is not only impractical but impossible. When they have proved their worth in a long service these clerks should not be penalized, nor should the Government be denied their future services.

Clerks and assistant clerks may have the finest stenographic experience possible; they may have accumulated wide detailed knowledge of the various bureaus and departments of government; their training and experience may be sorely needed in other branches; yet, despite all this, they cannot be employed in the executive branch of the Government because they are outside the civil service. This is true even though they may have given 20 years of their life to their Government.

The Congress is well aware of the jeopardy of a legislative position. Death of the Member of Congress and the uncertainty of elections place the employees of Members of Congress beyond the pale of even reasonable security. Many of the clerks to Members of the Senate and House have served as much as 20 years, some even longer. They have moved from Senator to Senator, Representative to Representative, Democrat to Republican, and they have been loyal and efficient workers. Their experience is more varied than that acquired by those in any other branch of the Government. Is it not reasonable that the executive branch should be permitted to utilize their training and experience, particularly when they are separated from the service through no fault of their own?

There are Members of the House and Senate who have served as much as 30 years. In many cases they have retained the same employees throughout that period. These clerks have given a lifetime to legislative work. They are among the best-informed persons in the Government service. And yet, should death strike their immediate employer, the Member of Congress whom they have served faithfully, they

are removed from the Federal pay roll at the end of a single month on the Senate side of the Capitol, the sixth month on the House side, without hope of employment in other branches of the Government. It is a desolate and obviously cruel position in which we leave them.

Some may argue that such employees may take the regular competitive examinations. Have they considered that death may strike without warning of a single hour, while it may be 2 or 5 or even 10 years before an open competitive examination, which will fit the qualifications of unemployed clerks may be held? Is it fair to reward a half lifetime of loyal service with the long hope of taking a doubtful examination several years in the future? In many cases these employees, regardless of long service, regardless of ability, regardless of loyalty, regardless of experience, will be completely disqualified by reason of age or training prior to the termination of their employment in the legislative branch.

The threefold purpose of the bill should recommend it to approval without a moment's hesitation: One, to enable the various departments and bureaus of the Government to utilize the services of well-trained legislative employees who, through no fault of their own, have been separated from their positions; two, to provide a modicum of security for loyal clerks and assistant clerks; three, to reward loyal and able employees with the opportunity of continuing in the profession for which they are specially trained—Government service.

This is not only humane legislation, it is practical and wise legislation. It should be adopted without further delay.

CONNECTICUT VALLEY FLOOD-CONTROL PROGRAM

Mr. LONERGAN. Mr. President, the catastrophe of 1936, when many States of the Nation suffered a great property damage and some loss of life as a result of floods, is still fresh in the memory of most Senators.

The terror, the heartaches, and the losses made a definite impression upon Congress that something should be done immediately to prevent such disasters in the future, insofar as the ingenuity and skill of mankind make such prevention possible. Accordingly, the Congress passed the Flood Control Act of 1936, authorizing, among other things, the formation of compacts among the various States affected in any flood area, to cooperate with the Federal Government in a flood-control program. Under this act, the States are required to bear a portion of the cost, and the Federal Government already has made available by authority of Congress approximately $30,000,000 for starting work in various areas.

The flood disaster in the Connecticut River Valley States of New England was perhaps the most disastrous of any in the Nation. The States of Connecticut, Vermont, New Hampshire, and Massachusetts set about immediately thereafter to comply with the provisions of the Flood Control Act. This being the first effort of this kind between the States, there were naturally many delays, and in order to cooperate with the States and help to expedite the formation of their compact, the Secretary of War in February 1937 wrote to Gov. Wilbur L. Cross, of Connecticut, suggesting a conference on flood control between the Governors of the four States and the representatives of the Federal Government. In this letter the Secretary wrote as follows:

> The President is deeply interested in the necessary agreement between the States and the Federal Government being effected at an early date, and approves of my suggestion for a conference having this end in view. If you and the Governors of the other three States would arrange for this conference early in March, I would be pleased to attend with representatives of the Department qualified to explain the proposed plan in full detail. I believe that a conference might prove helpful in establishing full accord among the several agencies and may assure you of the cooperation of the War Department in any helpful way.

The proposed conference was held in Hartford on March 8, 1937, with the Secretary of War and the Chief of Engineers, General Markham, present, as well as the Governors and other representatives from each of the four States.

After working strenuously, with the help of the War Department experts the form of the compact was drawn, and soon was on its way for ratification by the various States. The Connecticut compact, as ultimately adopted by the States, meets all the requirements of the Flood Control Act; and the States have naturally expected that, since the Federal Government urged them to undertake the compact as promptly as possible, they would have no difficulty here in having it approved immediately.

Certain typographical errors have been corrected, and the Senate Committee on Commerce has reported Senate Joint Resolution 177, granting consent of Congress to the compact as ratified by the States, and it is urgent that this consent be granted by Congress before adjourning, so that the money now available may be applied to start the work of building dams and reservoirs in the Connecticut Valley.

I do not know whether any States in the Ohio River Valley or other areas which suffered flood damage have attempted to form a compact. If they have, they no doubt understand the difficult experience of getting States together into a definite agreement which at the same time would be acceptable to the Federal Government. I believe that this first compact to come before the Congress from the Connecticut Valley States is just about as near perfection as possible. I congratulate the States and their Governors and other officials upon their work in this respect.

In submitting to the terms of the compact requiring certain contributions by each State to the total cost of the flood-control program, it was natural that the States should seek to limit their obligations under the compact to flood control alone, and to reserve or keep to themselves all rights already vested in them for conservation, power storage, or power development. These reservations are questioned by the Federal Power Commission, whose counsel believes that they go beyond the authority of the compact as granted in the Flood Control Act of 1936, and that in effect these reservations would contravene the existing Federal authority over power development under the Water Power Act of 1920 and the comprehensive amendment thereto of 1935.

I believe, however, that these contentions are answered by the committee in its report, which explains the provisions of article 8 of the compact containing the reservation, and states that—

> Before any State can make available the rights reserved, namely, those of water conservation, power storage, or power development, the terms and conditions under which any such State shall act must and can only be as a result of a separate agreement or arrangement between such State and the United States.

The important thing we must consider here, Mr. President, is the urgent necessity for beginning the flood-control program in Connecticut. The Senate will realize that in the usual legislative measure coming before this body, questions of form and policy may arise, and even though they may be of small consequence, the measure can quickly be amended so that the bill may pass in perfected form. In granting consent to a compact, however, any amendment adopted by Congress, except to correct inconsequential typographical or grammatical errors, would make it necessary for the compact measure again to be submitted to the States for ratification, thereby causing endless delay. If, therefore, there is any cause for amendment of this measure in either House, it must be kept in mind that this is not an ordinary piece of legislation, and that if the flood-control program is to be undertaken in time to prevent disastrous floods in years to come, such amendments should be withheld for the sake of passing this measure. As the President himself has stated, we sometimes cannot see the forest for the trees, when looking at legislation. In considering this measure, we must look more to the broad humanitarian benefits that would be derived from its immediate passage, and not permit controversial amendments to delay effectiveness of the compact, unless such amendments do seek to correct defects which may be regarded as of extremely serious importance. I am sure that while the compact may not be perfect, there are no serious imperfections, either in form or in policy, and I join with other New England Senators in urging its prompt approval by the Congress.

I wish to say further, Mr. President, that the success of the flood-control project in Connecticut has been one of the most important objectives of my service in Congress over a period of years. During my 8 years in the House of Representatives and 4 years in the Senate, I have worked for a flood-control program, and will regard its accomplishment as one of the most satisfying experiences of my legislative work. No one who has lived as I do, in the city of Hartford, or at any place along the banks of the Connecticut River, and has witnessed its devastating floods, would deny the major importance of protection to life and property in that area. The improvement of navigation on the Connecticut River, and control of the floods, will always be regarded by me as an important duty of the Federal Government, with the cooperation of the States.

REGULATION OF AIR TRANSPORTATION

The VICE PRESIDENT. The question is on the motion of the Senator from Nevada [Mr. McCARRAN] that the Senate proceed to the consideration of Senate bill 2, having to do with the regulation of air transportation.

Mr. TRUMAN. Mr. President, it is my desire to take a few minutes of the time of the Senate to explain briefly Senate bill 2, on which there has been a one-man filibuster for the last week. I am going to take only a few minutes, and when I get through I hope the able Senator from Tennessee [Mr. McKELLAR] will allow the Senate to vote on the pending motion.

First, I wish to read to the Senate from the report which I made to the full committee and which was submitted by the committee as its report to the Senate:

The Committee on Interstate Commerce, to whom was referred the bill (S. 2) to amend the Interstate Commerce Act, as amended, by providing for the regulation of the transportation of passengers and property by air carriers operating in interstate or foreign commerce and for other purposes, having considered the same, report the bill back favorably with an amendment with the recommendation that it be passed at this session.

The bill provides for the economic regulation of all air carriers who operate as common carriers. The regulation is adapted to the special characteristics of transportation by air and is carried no further than is necessary in the interest of the public and of the carriers. The safety provisions originally incorporated in S. 2 have been separated therefrom and will be considered separately by the committee in reporting on S. 1760.

The Interstate Commerce Act, which the Commission now administers, applies to steam railroads, electric railways, express companies, sleeping-car companies, pipe lines, motor carriers, and steamship lines controlled by railroads, and to the joint operations of rail and water lines. Air carriers are not now subject to regulation by the Interstate Commerce Commission except as to air-mail rates.

This bill, as part III of the Interstate Commerce Act, is a part of a complete and coordinated program of legislation touching all forms of transportation, and follows the program recommended by the President and approved by the Congress in enacting part II of the Interstate Commerce Act regulating motor carriers. The ultimate objective of the entire program is a system of coordinated transportation of the Nation which will supply the most efficient means of transport and furnish service as cheaply as is consistent with fair treatment of labor and with earnings which will support adequate credit and the ability to expand as need develops and to take advantage of all improvements in the art. All parts of such a system of transportation should be in the hands of reliable and responsible operators whose charges for service will be known, dependable, and reasonable, and free from unjust discrimination. This bill proposes to bring about such conditions among the interstate, overseas, and foreign air carriers, the only form of transportation which is now practically unregulated by Federal authority.

In recent years there has been an extraordinary growth of transportation by air. The air lines cover the country carrying over a million passengers a year and much express and mail and are engaged in intensive competition with each other and with railroads and other carriers. This competition is being carried to an extreme which tends to undermine the financial stability of the carriers and jeopardize the maintenance of transportation facilities and service appropriate to the needs of commerce and required in the public interest and the national defense—

Particularly, I may say, in the national defense—

Aviation in America today, under the present laws, proves unsatisfactory to investors, labor, shippers, and the carriers themselves.

The committee has fully considered the fact that during the early stages of air transportation air mail was undoubtedly one of the most important of the factors contributing to its growth and development. The technological advances of recent years, together with the rapid increase of air-passenger and air-express patrons, has reduced the revenues accruing to the air carriers from air mail from a major factor to an increasingly minor factor.

Mr. President, in the Seventy-fourth Congress, in 1935, the Interstate Commerce Committee considered Senate bill 3027 introduced by the junior Senator from Nevada [Mr. McCARRAN], and Senate bill 3420, likewise introduced by that Senator. The subcommittee which considered those bills consisted of the Senator from Ohio [Mr. DONAHEY], the Senator from Vermont [Mr. AUSTIN], and myself. We made a favorable report during the Seventy-fourth Congress recommending passage of the bill. The Senate did not reach the bill for consideration.

In January 1937, on the 6th day of January, to be exact, the Senator from Nevada [Mr. McCARRAN] reintroduced the bill as Senate bill 2. I was appointed chairman of a subcommittee to consider the bill, together with the Senator from Florida [Mr. ANDREWS], the Senator from Wyoming [Mr. SCHWARTZ], and the Senator from Vermont [Mr. AUSTIN]. We made an exhaustive study of the situation. Everyone interested in air transportation was given an opportunity to appear before the subcommittee and place before it all information necessary to enable the committee to write a good bill.

The hearings comprise 599 printed pages and cover every phase of the situation. The Post Office Department, the Commerce Department, the State Department, and all others were given an opportunity to be heard before the subcommittee and to state exactly what they thought should be incorporated in the bill.

The bill was completely rewritten by the subcommittee and by the Senator from Nevada [Mr. McCARRAN]. It follows exactly sections 1 and 2 of the Interstate Commerce Act so far as they can be applied to air transportation. Every feature of the bill is intended to regulate air carriers strictly in the public interest. That part of the bill which refers to air mail treats air mail just as mail on railroads is treated. Section 304 (a), 305 (f), 305 (g), and 305 (m), and all of section 311 are devoted exclusively to the mail, and control and regulation of the mail is left completely in the hands of the Postmaster General. When certificates of convenience and necessity are issued by the Interstate Commerce Commission under Senate bill 2, the Postmaster General may offer mail to any air carrier which has a certificate of convenience and necessity, and such air carrier must carry the mail.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Kentucky?

Mr. TRUMAN. I yield.

Mr. BARKLEY. I wish to ask the Senator a question purely for information. The Interstate Commerce Commission has always been regarded as an agency of Congress for the fixing of rates on railroads and other transportation facilities, and also to regulate their practices in dealing with the public. It has never been regarded as a development agency for the fostering of new transportation facilities. Does the bill which the Senator is discussing, in addition to transferring the rate-making functions to the Interstate Commerce Commission, contain any provision which would require the Commission to act in the capacity of sponsor or developer of aviation?

Mr. TRUMAN. All of that is left to the Department of Commerce. It is specifically left there by a provision of the bill.

Mr. BARKLEY. I have been asked about that matter by Members on the floor of the Senate, and I was anxious to have the Senator's view regarding it.

Mr. TRUMAN. All the bill does is to give the Interstate Commerce Commission the same authority over air transportation that it already has over rails and busses and trucks and pipe lines.

Mr. BARKLEY. I should like to ask the Senator a further question. Under the reorganization bill which has been reported by the Senator from South Carolina [Mr. BYRNES]

from the Committee on Reorganization, the Interstate Commerce Commission and the Federal Trade Commission and other independent establishments which are supposed to be agencies of Congress in the regulation of interstate commerce are exempted from any power on the part of the President to deal with them, not only in their quasi-judicial functions but in their administrative functions. The bill as first introduced proposed to transfer certain administrative functions from these independent establishments to the departments to which they might be allocated; but under the bill as revised and as reported these establishments are taken completely out of the reorganization program, so that the President has no authority to interfere with them, not only in their quasi-judicial functions but in their administrative duties, except that they have to go to the Budget Bureau in order to present their requests for appropriations from Congress.

To what extent would the passage of this bill, if enacted prior to the enactment of the reorganization bill, interfere with the theory of that bill by making it impossible for the President to take anything out of the Interstate Commerce Commission and allocate it to any other department?

Mr. TRUMAN. It would not interfere at all with that. Before I reported the bill I wrote the President a letter and asked him what he thought about it; and he said he hoped that no new administrative functions that could be allocated to the Federal departments under Cabinet members would be given to the Interstate Commerce Commission by this bill.

This is strictly a regulatory bill. The administrative function that formerly was included in the bill is now in Senate bill 1760, which affects the Commerce Department, and is not a part of Senate bill 2 at all. This is strictly a bill for the regulation of the air carriers.

Mr. BARKLEY. Under the bill which is now on the calendar, I presume the Interstate Commerce Commission would have authority to appoint the personnel that dealt with the fixing of rates of air carriers, just as it now does in the case of railroads and other transportation facilities over which it has jurisdiction.

Mr. TRUMAN. That is correct.

Mr. BARKLEY. So air transportation would take the same status in the Commission that is now occupied by the other agencies.

Mr. TRUMAN. It would have exactly the same status.

I desire to make it particularly clear that, so far as the control of the United States mails is concerned, the authority of the Postmaster General is in no way interfered with. I submitted this bill to the senior Senator from Wyoming [Mr. O'MAHONEY], who has been First Assistant Postmaster General. He told me that the bill is satisfactory and merely suggested two or three minor amendments which the committee is perfectly willing to accept, as they refer only to matters of language.

Mr. WAGNER. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from New York?

Mr. TRUMAN. Certainly.

Mr. WAGNER. Is it not a fact that all the pilots of all the different lines, who, as we know, are extremely intelligent men and have a great interest in aviation and its safety, are unanimously in favor of this proposed legislation?

Mr. TRUMAN. There is no question about that. The manufacturers, the pilots, every air-line company in the United States, and all those who are interested in the progress of the air lines of this country, are for the bill; and almost all the press of the United States is for it. There seem to be only two persons who are against it, namely, the senior Senator from Tennessee [Mr. MCKELLAR] and the Solicitor for the Post Office Department, who, of course, is anxious to retain control of the air lines, and I do not blame him for that. He now has the only control that there is over the air lines in the United States. The lines are not controlled as to rates. They are not controlled in any way whatever except as to safety under the Commerce Department.

Mr. MCKELLAR. Mr. President, will the Senator yield?

Mr. TRUMAN. I yield.

Mr. MCKELLAR. Does the Senator know that the Interstate Commerce Commission, since it has had charge of fixing air-mail rates during the past 2 or 3 years, has constantly raised the rates, and that deficiency appropriations are constantly required to keep up with the Interstate Commerce Commission in raising the rates?

For example, the Budget estimate for the Post Office Department at the existing rates during the past year was, I think, something like $780,000,000, all or substantially all of which is paid from the Department's income. After that estimate was submitted, along came the Interstate Commerce Commission and raised the rates, say, one or two million dollars. Incidentally, I may say that just a few moments ago I left the Appropriations Committee, and there is before that committee a supplemental Budget estimate for several hundred thousand dollars, as I recollect the sum—at any rate, a considerable amount—to cover increases of rates that the Interstate Commerce Commission has made since the regular appropriation bill was passed.

In other words, as matters are now, the Post Office Department, having nothing to do with fixing rates, and the Interstate Commerce Commission having the power to fix rates, the Post Office Department never knows what it will have to pay. It never knows when it will have a deficiency. That is something that it cannot control in any way, shape, manner, or form. Under the Senator's bill, instead of lessening that evil, the Interstate Commerce Commission, having already demonstrated by its actions that it is constantly raising the rates that may be charged by the air-mail companies, what is going to become of us? Does the Senator think the Treasury will be strong enough to pay the amounts that will be necessary?

Mr. TRUMAN. If the Senator from Tennessee will give me a chance to make a statement of facts, I can tell him exactly what the cause of this condition is.

Mr. MCKELLAR. I do not care anything about the cause. Does the Senator think it is all right to do that?

Mr. TRUMAN. The increase in the cost is primarily due to the increase in the volume of mail carried; and the cost per pound-mile is less now than it ever has been in the history of the air mail.

Mr. MCKELLAR. Yes; and that is because of the laws which were passed in 1934 and 1935 putting a limitation on the rates that the Interstate Commerce Commission may fix. They cannot, except by indirection, fix a rate over 33⅓ cents a pound, but they have arranged matters so that certain companies——

Mr. TRUMAN. I did not yield to the Senator to make a speech. He may make a speech in his own time.

Mr. MCKELLAR. If the Senator does not want to answer questions, very well.

Mr. TRUMAN. I will say to the Senator from Tennessee that the Interstate Commerce Commission is the rate-making body created by Congress for that purpose, and if the Congress does not want the Interstate Commerce Commission to make the rates, it ought to repeal the law. If, however, the Interstate Commerce Commission is going to make the rates for mail on the railroads, and other rates for railroads and busses and trucks and in every other line of transportation endeavor, the same condition ought to prevail so far as the air carriers are concerned. That is all there is to it.

The bill contains what is called a grandfather clause, section 305 (d), which allows carriers that are already in business, and have established a line of business, to be issued a certificate of convenience and necessity for that very reason. Every other air carrier that desires to establish a line for carrying passengers, freight, mail, or express must obtain from the Interstate Commerce Commission a certificate of convenience and necessity. The same thing applies to foreign air carriers, but carriers in the foreign

field must also first have the approval of the Secretary of State before they may obtain a certificate of convenience and necessity.

The labor provisions of the bill are exactly similar to the provisions of the Railway Labor Act and the labor provisions of the Air Mail Act of 1934 as amended.

Section 308, the rate-making provision of the bill, is exactly parallel with the rail rate-making provisions. The bill provides exactly the same control over air carriers as is exercised by the Interstate Commerce Commission over busses, trucks, and railroads.

The bill has been approved by the Brookings Institution. I quote:

> Regulatory functions now exercised by the Bureau of Air Commerce relative to air transportation, accompanied by those regulatory functions now exercised by the Division of Air Mail of the Post Office Department, which are not indispensable to the proper administration of air-mail service, should be in the Interstate Commerce Commission.

Mr. President, this bill is simply a regulatory measure which does for the air carriers exactly what is done for railroads and for busses and trucks. I cannot too strongly emphasize that fact. The bill was very carefully drawn. Every possible expert was consulted in regard to the provisions of the bill, and every department of the Government was consulted with regard to it.

Mr. LA FOLLETTE. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Wisconsin?

Mr. TRUMAN. I yield.

Mr. LA FOLLETTE. One thing that disturbs me about the bill involved in the pending motion is my understanding that it does not contain certain safeguards against monopoly that are contained in the existing law.

For example, my understanding is that the existing law provides against interlocking directors of air-line companies.

Mr. TRUMAN. I call the Senator's attention to section 312 (b) (5), which explicitly prohibits that very thing.

Mr. LA FOLLETTE. The existing law provides against joint stock ownership. It provides against equipment companies being owned or controlled by air lines, or there being a joint ownership of stock in equipment companies.

I am merely asking the Senator whether the information I have received is correct or whether it is not.

Mr. TRUMAN. It is not correct. The provision referred to by the Senator is contained in the bill, in section 312.

Mr. LA FOLLETTE. It covers all the points covered in the existing law?

Mr. TRUMAN. It does.

Mr. McKELLAR. Mr. President, the Senator from Missouri will not yield, but I will say to the Senator from Wisconsin in a few moments that substantially none of the provisions contained in the present law are contained in this bill.

Mr. WHEELER. Mr. President, will the Senator from Missouri yield?

Mr. TRUMAN. Certainly.

Mr. WHEELER. Let me say to the Senator from Wisconsin that I have no particular interest in this bill, and I have paid very little attention to it, but I submitted the matter to Commissioner Eastman, for whom I think the Senator has very high regard, as I do. Commissioner Eastman went over the bill after it came out of the committee, and I suggested that he get together with the Post Office Department and try to meet the objection which the Senator from Tennessee [Mr. McKELLAR] has, and Commissioner Eastman tells me that every single objection made by the Senator with reference to monopolies was taken care of in the bill.

Mr. McKELLAR. Mr. President——

Mr. WHEELER. Just a moment; the Senator from Missouri has yielded to me, and I insist——

Mr. McKELLAR. The Senator is quoting me.

Mr. WHEELER. No; I am not quoting the Senator.

Mr. McKELLAR. And I will not be quoted incorrectly. Mr. Eastman never came to me at all.

Mr. WHEELER. I am not quoting the Senator. Far be it from me to quote him.

Mr. McKELLAR. When he does, I hope the Senator will quote me correctly.

Mr. WHEELER. I certainly will.

Mr. McKELLAR. The Senator said Mr. Eastman had a conference with Senator McKELLAR.

Mr. WHEELER. Oh, no.

Mr. McKELLAR. That statement is not true.

Mr. WHEELER. I did not make any such statement.

Mr. McKELLAR. I am glad the Senator did not make the statement, because——

Mr. TRUMAN. Mr. President, I have the floor.

Mr. WHEELER. If the Senator will pardon me further, I stated that I asked Commissioner Eastman to go over the objections and to consult with the Post Office Department with reference to the objections, and he told me that he had done so, and he stated that the objections which had been made were all taken care of in this bill.

If there is one man in the Government service in any of the departments who has been fighting against monopoly, and trying to protect the people against monopoly, and to be conscientious about it, it has been Commissioner Eastman, of the Interstate Commerce Commission.

Mr. McKELLAR. Mr. President, will the Senator from Missouri yield?

Mr. WHEELER. I have implicit confidence in him. As I stated, I appointed a subcommittee to handle the bill. I paid very little attention to it, because I was engaged in other work; but I relied and do rely implicitly upon what Commissioner Eastman said to me.

Mr. LA FOLLETTE and Mr. McKELLAR addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Missouri yield; and if so, to whom?

Mr. TRUMAN. I yield first to the Senator from Wisconsin.

Mr. LA FOLLETTE. Will the Senator give me the citation of the section number again?

Mr. TRUMAN. It is section 312. If the Senator will read it, he will find that it covers the matter entirely. If the Senator from Wisconsin desires to read it, he will find it in the printed bill. He may not find it in the comparative print. I yield now to the Senator from Tennessee.

Mr. McKELLAR. Mr. President, if it was the purpose to continue these provisions, why does section 320, on page 118, appear in the bill? It reads:

> Sections 2 (b) (2) and (3), 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, and 21, and so much of section 8 as reads: "; and any person not ineligible under the terms of this act who qualified under the other requirements of this act, shall be eligible to contract for carrying air mail, notwithstanding the provisions of section 3950 of the Revised Statutes

And all other statutes on the subject "are hereby repealed." Why are they repealed?

Mr. TRUMAN. Because——

Mr. McKELLAR. Why are these laws regulating the industry to be repealed?

Mr. TRUMAN. If the Senator will give me opportunity, I will answer.

Mr. McKELLAR. I hope the Senator will.

Mr. TRUMAN. They are to be repealed because the safeguards included in this bill are much stronger and more in the public interest than the sections he has read.

Mr. McKELLAR. In what section?

Mr. TRUMAN. Section 312 covers the whole situation.

Mr. President, I sincerely hope the Senator from Tennessee will allow the Senate to vote on this measure.

Mr. AUSTIN. Mr. President, I had not intended to debate the air transportation bill at this time, but I have been requested to do so by other members of the subcommittee who heard testimony relating to the bill.

I desire to say that I appreciate, and I think all other Senators would appreciate if they knew the circumstances as thoroughly as I do, the great sacrifice, the extraordinary

effort, and high degree of intelligence applied to this problem by the Senator from Nevada [Mr. McCARRAN], whose presence in the Naval Hospital at this time is in part due to his service in this connection, and on his behalf I want to express the hope that the Senate may see fit to vote upon this measure before it adjourns, regardless of what may occur in the meantime.

As I have listened to the opposition to the bill it has struck me as peculiar. It had a very familiar ring about it. It sounded of fraud and scandal and collusion and spoils meetings, as if to throw enough dirt upon this very carefully prepared bill to smear it in the eyes of Senators who have not had the time to make a careful study of it. I have heard with some disgust the use here of the old, old story that has long since been discredited, that the origin of the present law, the Air Mail Act of 1934, is in the scandal and collusion and wrong and fraud alleged to have been committed in a former administration, by a former Postmaster General and nine contractors, who held the contracts of the United States Government which, in their operation, created the skeleton of all that there is today that can be claimed to be the grandest air-mail system, the grandest air-transport system in all the world. Boast is made of the magnificence of that system by comparison with anything else in the world, and at the same moment it is undertaken to smear the great pioneers who built that system.

This compels me to bring again to the attention of the Senate and of the public the story of the air-mail cancelation, and in order to save the time of the Senate, I ask unanimous consent to insert in the RECORD, in lieu of an oral statement by me, a written statement which I made May 18, 1937, relating to the cancelation history, and bringing it down to that date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The statement is as follows:

CANCELATION HISTORY

I am sending you part II of the hearings before the subcommittee of the Committee on Interstate Commerce of the Senate, marked at pages 186–190, 191, 203–205.

These pages graphically bring before us the most recent chapter of the air-mail tragedy.

The specific point which I emphasize now is that, as late as April 7, 1937, the Department of Justice admitted:

"As it would not be appropriate to approve a settlement of a civil controversy if criminal proceedings growing out of the same matter are contemplated, the conclusions of this Department [Department of Justice] with reference thereto, should be stated. * * * While the course pursued by you [Post Office Department] in this respect was amply warranted, it is our opinion that the irregularities referred to are not such as to justify or require criminal prosecution. * * *

"The controversy is, therefore, one which, in the exercise of a sound discretion, may appropriately be compromised." (Hearings, p. 203.)

The rational inference follows that the so-called spoils conference, fraud, collusion, conspiracy, blackmail, and combinations to prevent bids, which were charged against the air-mail contractors, were not substantiated by the 2-year investigation pursued by the Department of Justice.

The brief history of the litigation, the settlement of which is referred to above, appears at hearings, pages 186, 187, 202.

It is noteworthy that the district court of appeals held that the contracts were property of which the contractors were deprived without due process of law. That is, without notice or hearing.

To realize the importance of this as a manifestation of Government by force rather than by law, it should be observed:

1. That the settlements left the contractors with no remedy respecting the millions of dollars of damages that were unliquidated and paid to them only the amount of liquidated damages, to wit, $601,511.03 (hearings, p. 203);

2. Every person is disqualified for life to enter upon the performance of, or to hold an air-mail contract whose contract was canceled. This penalty also attaches to every partnership, association, or corporation which has a member, officer, or contractor, or an employee performing general managerial duties who is regarded by the administration as coming within section 7 (d) of the Air Mail Act of 1934 in respect of being "an individual who has theretofore entered into any unlawful combination to prevent the making of any bids for carrying the mails * * *." (Public, No. 308, 73d Cong., p. 4; p. 119, Laws Relating to Postal Air Service, copy of which is enclosed herewith.)

Revised Statutes, section 3950 (act of June 8, 1872), under which the annulments were made, automatically penalized the contractors by such disqualification for 5 years, but the Air Mail Act of 1934 perpetuated the penalty so long as section 7 (d) shall remain the law.

One of the effects of the McCarran bill, which is now under consideration, would be to repeal this vindictive feature of the law.

For your information I furnish the following from the record, which is scattered through different sources and probably will take some time for you to search out:

On January 30, 1934, Postmaster General Farley testified before a Special Air Mail Committee with reference to the contracts subsequently annulled:

"I have not disapproved any, and I would assume the fact that I have not made any change might be considered an approval up to the present day, if that is what you have in mind." (Hearings, p. 2690.)

On February 2, 1934, independent operators pressed for cancelation. (Tr. 8050.)

On February 9, 1934, 29 air-mail contracts, held by 9 different contractors, were canceled, to become effective February 19, 1934.

On the same day a request for hearing was made by telegram.

On the same day the Postmaster General issued to the public press a statement that the President and the Attorney General concurred in the cancelation order.

On the same day, the President issued, in connection with the cancelation, an order "that the Secretary of War place at the disposal of the Postmaster General such airplanes, landing fields, pilots, and other employees and equipment of the Army of the United States needed or required for the transportation of mail * * *."

On February 14, 1934, the Postmaster General issued a release, addressed to the chairman of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts, notifying it of the cancelation, and stating:

"It is incontrovertible that the 1930 meeting was held, that it was confined to those who subsequently obtained the contracts, that the provision of law calling for competition in bidding was not carried out, and that all the present domestic air-mail carriers secured contracts based on conspiracy or collusion, with the possible exception of the national parks airways, which will be given further consideration."

On February 16, 1934, five air-mail contractors pointed out misinformation contained in the letter of February 14, and asked for a hearing before cancellation should go into effect.

No hearings were granted. I had called attention on the floor of the Senate to this matter, as follows:

"As one member of the committee, I desire to go on record as not ready to pass on that question (fraud) until the evidence is in and men charged with wrong-doing have an opportunity to be heard." (RECORD, 73d Cong., 2d sess., Feb. 10, 1934; permanent Record, p. 2314.)

Meantime, many lieutenants in the Army Air Corps lost their lives or were injured either in preparing to carry or in carrying the mail.

On February 24, 1934, in the special committee above referred to, I asked the Postmaster General: "Now, do you intend to take the testimony of these operators who have not testified yet?" And the Postmaster General replied: "To be perfectly frank with you, we have not reached that decision." (Hearings, pt. 6, p. 2729.)

On March 8, 1934, the President sent a letter to the chairman of the Committee on Post Offices and Post Roads of the Senate, recommending a law which would make permanent the cancelation of contracts and the penalty imposed on the contractors without notice and hearing, containing:

"Obviously, also, no contract should be made with any companies, old or new, any of whose officers were party to the obtaining of former contracts under circumstances which were clearly contrary to good faith and public policy."

On March 9, 1934, a bill was introduced containing:

"* * * and no person shall be eligible to bid for or hold an air-mail contract if it or its predecessor is asserting or has any claim against the United States because of a prior annulment of any contract by the Postmaster General."

On March 10, 1934, the President ordered cessation by the Army Air Corps of carrying the mails.

On March 28, 1934, invitations for bids were issued by the Postmaster General containing:

"No bids shall be considered or received from any company which previously had a contract for the carriage of air mail and whose contract was annulled under Revised Statutes, section 3950 * * *."

It has been expressly claimed that all of the cancelations had been made under that section.

On June 12, 1934, the Air Mail Act, which is in effect today, was adopted. It contains the perpetuation of the vindictive penalty laid upon contractors without notice or hearing.

On April 3, 1937, Solicitor General Crowley identified these contractors (hearings, p. 189). Of course, the cancelation order identified them.

The instant cause for writing you is the fate of the air-mail legislation now pending. I believe that it has many virtues to recommend it other than the abolition of the vindictive characteristic of the present law. But if the present law should not be repealed the penalties imposed by it will continue.

The contractors ought to have the benefit of publicity of this recent admission of nothing more than irregularities in the letting of the contracts to relieve them, as far as possible, of the opprobrium which was attached to the cancelation, as shown by

the foregoing. After 2 years of very thorough study, the administration found no ground for civil or criminal prosecution. This admission of the Department of Justice, dated April 7, 1937 (hearings, p. 203) corroborates a news item published on February 29, 1936, which was placed by me in the CONGRESSIONAL RECORD of March 2, 1936, at page 3013. You may want to look that up because it refers to the upset as a figurative bombshell, and prophesied that the Ristine report would be forthcoming: "It is expected to be made public on the ground that, no matter how politically damaging, it will be easier to face the report itself than another storm of criticism for suppressing something adverse to the New Deal."

On April 6, 1936, I asked the Attorney General for a copy of the Ristine report, and on April 8, 1936, he replied:

"The proposed report to which you allude has not been prepared."

(All of the internal evidence shows that it had been prepared.)

Mr. Crowley testified:

"He made a report; I am sorry I have not read it." (Hearings, p. 189.)

Afterward, at another hearing, Mr. Crowley testified:

"I am informed there is no such report." (Hearings, p. 205.)

The inference is clear.

Mr. AUSTIN. It is my opinion that an examination of that history will show that the charges of scandal and fraud and collusion and conspiracy and spoils conferences are all met by the confession of the Department of Justice of the United States that after 2 years of special study and investigation it found nothing that would justify either civil or criminal prosecution.

Moreover, if anything more than that were needed, examination would establish the fact that these cancelations were made by sheer force and tyranny, that they were made without notice, without an opportunity to be heard, and that they were declared by one of the dignified courts of this land to have been made without due process of law, and that these contracts constituted property, which was seized and taken away from the owners without due process of law.

What more than that record need be shown in order to disqualify all of this stuff that we hear today, which is used for the purpose of casting a cloud upon the measure that is before the Senate?

Then I have heard with astonishment the boast that, as the result of the air-mail contracts, there has been a marvelous development of the air transportation industry in this country. The facts are completely to the contrary. The development of this industry, the really grand progress that occurred in this industry, occurred before the cancelation of the air-mail contracts.

There has been development since, and it is not for me to stand here and throw mud at the Postmaster General or the Post Office Department, or at the Secretary of Commerce or the Department of Commerce, and that I will not do. On the contrary, I will say that, despite all the disadvantages of the Air Mail Act of 1934, and of the set-back caused by cancellation, those two great departments of our Government have helped to develop this industry; but it has not developed anywhere near at the rate or to the extent it developed before the cancelation of the air-mail contracts.

In order to prove that, I ask unanimous consent to insert in the RECORD at this point certain facts which I would gladly state here were it not that I feel that it is taking too much of the time of Senators for me to go into this quite long statement in respect to that matter. So I make the request for unanimous consent to insert at this point in the RECORD a statement of the progress made since and the progress made before the cancelation of the air-mail contracts.

Mr. McKELLAR. Mr. President, who made the statement?

Mr. AUSTIN. Mr. President, this is a statement that I adopt—not all of it, because I have canceled some of it. I adopt it. I am responsible for it. If the Senator wishes to object to it being inserted in the RECORD as my statement, I will take the pains to read it.

Mr. McKELLAR. If the Senator will give the author of it I shall have no objection. The Senator, however, did not prepare that himself, surely?

Mr. AUSTIN. I certainly did not, but some of these facts are quite well known to me. I have made a somewhat special study of this subject myself. I adopt them, and I am responsible for them.

Mr. McKELLAR. I understand that. The Senator's responsibility is very fine, and I do not object to the Senator putting anything in the RECORD that he desires to put in the RECORD, but I think it is fair to the Senate, if the Senator is going to put figures in the RECORD, that the Senate should know who prepared the figures. That is all I ask. I shall have no objection to the matter going into the RECORD if the Senator will say who prepared the figures. Otherwise I shall object to the statement being placed in the RECORD.

Mr. AUSTIN. Very well; Mr. President, I will state these facts.

Between the years 1929 and 1933 the cruising speed of the most representative type of equipment used by the domestic air lines increased from 122 miles an hour, in the case of the Ford tri-motor, to 170 miles an hour, in the case of the Boeing, 247. This increase of 40 percent in cruising speed of commonly used airplanes is the most pronounced speed advance ever made in the history of air transport aviation, and, Mr. President, this occurred prior to cancelation.

It was several years before cancelation that the Ford Motor Co. installed the first radio-range system over a particular route. This system has been adopted as standard by the Department of Commerce and all domestic air lines. The basis of the now universally used radio-range system was this original adaptation of a design by Ford engineers and subsequent intensive operating experience on the Ford-operated air lines. With the beginning of the fiscal year 1934 governmental funds for the maintenance and improvement of airway radio-range, lighting, and weather-observation and communications systems were drastically curtailed. Any progress made in this important and necessary phase of air transport and other forms of aviation was made before the air-mail contracts were canceled. Just recently the present Congress has indicated its willingness to appropriate funds for a resumption and continuation of this program. For the fiscal years 1928 to 1932, inclusive, the average annual expenditures from regular appropriations for the construction of new and additional radio ranges and airway lighting was one and two-thirds million dollars. During the fiscal years 1933 and 1934 such expenditures were zero. For the fiscal year 1935 they were $287,900, and in 1936 they were $87,000. The current year's regular appropriation is $882,000, and out of that sum it appears probable that the amount likely to be spent for these purposes will not exceed $600,000. The indications are that the appropriation for these projects during the fiscal year 1938 will be approximately $3,000,000—plus authority to obligate an additional $4,000,000 to be provided out of future appropriations—no more than enough to make up in some measure for the set-back received from 1933 to 1936, which was the period subsequent to the cancelation.

No one acquainted with these facts, which are irrefutable, will doubt the tremendous progress made prior to the cancelation of the air-mail contracts. This rate of progress is being continued, thanks to the development work and experience of the 1926 to 1934 period, which had its birth with the action by Congress in 1924 and its growth nurtured by means of a feeling of assurance on the part of the operators that their contracts would be continued and that they could raise money and spend it for sound business expansion.

If we had a chart showing the progress of the air lines, in point of miles scheduled and miles flown, from the fiscal year 1926 to the fiscal year 1937, you would note, Mr. President, a decided decline in 1934, and you would note that the rate of increase since 1934, the time of the cancelation of the air-mail contracts, has been by no means so rapid as the rate which existed from the fiscal year 1930, when the business really got under way, through the fiscal year 1933. These years of rapid increases in all factors of air-transport progress, it should be considered, were the years when national income and industrial production were on their most drastic

downward trend—that is, the years before cancelation—and yet, in spite of that drastic downward trend in general business conditions, there was rapid growth in the air-transport industry.

Upon cancelation on February 19, 1934, the lowest point was naturally reached in miles scheduled and miles flown on the air lines. During the fiscal year 1931 miles flown were approximately 21,500,000, with miles scheduled 23,000,000. For the fiscal year 1932, miles flown were 32,200,000, or 50 percent over those for the year preceding, and miles scheduled were 34,500,000, also a 50-percent increase. No such increase as that in either of these quantities has ever been attained since cancelation. The facts give eloquent evidence that the cancelation dealt the air-line industry a blow which slowed its progress, and from which it has not yet recovered and may yet be a long while in recovering.

Mr. President, an important matter to consider is that curtailment of revenue to air-mail contractors did not begin upon the cancelation of contracts.

I will later point out that this cancelation was not on the basis of cost. I will also point out that while this cancelation was taking place the Postmaster General was before the Appropriations Committee asking for an appropriation of $14,000,000 plus for this domestic air-mail service.

So, I repeat, an important matter to consider is that curtailment of revenue to air-mail contractors did not begin upon the cancelation of the contracts, but as early as the fiscal year 1932, when the appropriation was reduced by $538,000. Simultaneously the average cost per mile to the Government was decreased from 62 cents to 54 cents. Revenue to contractors from passengers and express was at a rapid rate of ascent at this time, for by then public acceptance of this most modern medium of transportation had become well established.

A 57.5-percent increase occurred from the fiscal year 1930 to 1931 in miles of air-mail route. Nothing like that has occurred since.

As further evidence that the status of the present air-line system is based on the impetus given the industry during those earlier years is the fact that it was in 1926 to 1929, inclusive, that the major part of the investments were made by private capital upon which the industry's foundation was laid.

Probably the most significant set of statistics on this subject is comparisons of the average number of miles flown daily for certain years. In 1930, 87,500 miles were flown daily, which represents an increase of 43.4 percent over the 61,000 miles flown in 1929. This is the largest increase in volume of steady scheduled flying in the history of the business. In 1931 there was a further increase, bringing the miles flown daily up to 117,000, or 33.1 percent over the preceding year. The 1936 increase in miles flown daily was but 18.4 percent over the preceding year.

Observe that the increase was 18.4 percent as against 43.4 percent in one case and in the other case 18.4 percent against 33.1 percent.

To put this another way, more progress was made in reducing coast-to-coast travel time before cancelation than after. The reduction in the best coast-to-coast time in 1933—when it was 19 hours and 30 minutes—from the best scheduled time in 1930—when it was 29 hours and 32 minutes—is 34 percent. The reduction in 1936, when the corresponding time was 15 hours and 22 minutes, from the best time in 1933, when it was 19 hours and 30 minutes, is 21 percent. In other words, the contrast is that before cancelation there was a reduction in the travel time of 34 percent, while after the cancelation there was a reduction of only 21 percent.

From maps issued by the Department of Commerce, it is indicated that there were but 142 cities served directly by air mail in 1931. In 1933 there were 181 cities served, a 27.5-percent increase over those for the previously mentioned year. No such increase has taken place since cancelation. In July, 1934, after Air Mail Service again started operating under contract, only 173 cities were served. In January 1936 there were 187 cities served, or 8.1 percent over those served in 1934.

Between the years 1929 and 1933 the cruising speed of the most representative type of equipment used by the domestic air lines increased from 122 miles an hour, in the case of the Ford trimotor, to 170 miles an hour in the case of the Boeing 247. This increase of 40 percent in cruising speed of commonly used airplanes is the most pronounced speed advance ever made in the history of air transport aviation. This occurred prior to cancelation.

Mr. President, I am sorry that the Senator from Tennessee is not at the moment in the Chamber, for I should like to ask him if this statement does not convince him of the fallacy of the claim which he has been making here of benefit to the service and to the great institution of air transportation being due to the cancelation of the air-mail contracts and whether it does not show, on the contrary, that the really important constructive work made by this industry in the building of its great plant largely occurred before cancelation, and that such progress as has been made since has been made in spite of that cancelation, and the set-back that it caused, and the subsequent vindictive and restrictive Air Mail Act of 1934, to which I hope to call attention before I finish.

I have also heard the claim made by the Senator from Tennessee that there has been an increase in air-mail pay under regulation of rates by the Interstate Commerce Commission. Mr. President, the history of the regulation of rates by the Commission is directly contrary to the claim made here. It is clear that as volume has mounted the unit cost to the Government for transportation of mails by air has steadily decreased.

Another thing that is apparent is that the numerous existing gaps in our airway system should be filled in. To support these two doctrines, on April 19, 1937, I drafted a letter to a person who was interested in the subject. I am the author of what is contained in this letter, and I stand back of it at the present time. I ask permission to have inserted in the RECORD the part of the letter which deals with the facts relating to increase in air-mail pay under regulation of rates by the Interstate Commerce Commission according to the act of 1934.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

The cancelation of the air-mail contracts was not founded upon excessive payment for transportation of the mails.

You will observe from an examination of hearings on the Post Office appropriation bill for 1935 (73d Cong., 2d sess., p. 250) that Mr. Howes justified the domestic air-mail appropriation of $14,998,993. This reflected reduced rates of pay (p. 251); there was a gradual increase in the number of miles flown and a gradual decrease in the amount paid (p. 252).

Mr. Howes testified that in the effort to agree with the Bureau of the Budget on the amount to be appropriated for the year starting July 1, 1933, "we sent another letter to the contractors, saying that starting July 1, 1933, we would temporarily pay only 75 percent of what the rate of pay for the service under the existing contracts called for; we would take off 25 percent. We did do that, until finally the figure of $14,000,000 was arrived at as the amount we would spend for the current fiscal year" (p. 251).

It was not necessary to cancel the contract to reduce the rates. The rates were not regarded as too high.

After cancelation of the contracts, with its sequel of funerals and penalties imposed without trial by court, a face-saving device was necessary. Therefore, contracts were let only on a sacrifice basis. Bidders well understood the situation, and the rates tendered by competing contractors were absurdly low.

Thus the total cost for transportation of mail by air was reduced to the point you mention, $11,700,000, as shown at page 279 of the hearings on the Post Office appropriation bill for 1938. This was not wholesome because the contractors could not continue on such a basis, save only for the purpose of keeping in a strategic position to get a fair contract in the future.

I need not go into the reduction in service involved in this reduction in cost.

The Interstate Commerce Commission raised the annual cost at 100 percent to $13,244,128.16, as shown at the same page, 279. It seems to me that the permanence and stability of the service, to say nothing of its development, require such an increase as this shows.

Mr. Graddick testified, as appears at page 276:

"I can tell you briefly some of the items that affect the increase in the current fiscal year." (That is contained in the identical

figure above referred to as shown in Mr. LUDLOW's statement on p. 276). "Some of the increase is indirectly due to the Interstate Commerce Commission increases, some due in part to the law, and due in part to changes by the Department of Commerce of routing and mileage and more stringent regulations relative to flying, and due to increased air-mail poundage and increasing excess pay."

I do not understand that by your second paragraph you intend to say that the increase in air-mail postage revenues was the consequence of rate making by the Interstate Commerce Commission. I interpret your words "after the Interstate Commerce Commission had done its dirty work" to mean only that in point of time, namely, following the making of rates, an increase of over $3,000,000 in air-mail postage revenues occurred.

With respect to this paragraph of your letter, you probably do not mean "total revenues of the air-mail contractors." I assume that you mean what is shown at page 281, namely, air-mail postage revenues.

I cannot agree in an inference that the effect of rate making by the Interstate Commerce Commission has been uneconomical. My examination of the facts shown in that table on page 281, which comprehends the figures referred to on page 275, is that the experience under rate making by the Interstate Commerce Commission is to reduce the gap between payments made to contractors and air-mail-postage revenue to a marked extent. Thus, the difference, or gap, was as follows:

1934	$6,392,423.64
1935	2,223,735.77
1936	2,333,188.24

It is our objective to increase the postal revenues until there will be no gap.

Referring to your paragraph third: I wonder if you regard the increase of $4,000,000 in the gross income of air-mail carriers as a point for criticism, or as a cause for change in the rate-making authority.

The drop in payments to contractors from $19,000,000 in 1933 to $12,000,000 in 1936, was accompanied by an increase in express and passenger revenues paid to the contractors of from $6,000,000 in 1933 to $18,000,000 in 1936. It does not appear to me that the increase of $4,000,000 in the gross income of the air-mail carriers arises from payments to contractors for carrying the mail. Moreover, it does appear to me that the Government is interested to have revenues from carriage of persons and property other than mail increase until these contractors become self-sufficient and do not require a subsidy.

There seems to be little doubt that the air-mail situation in respect to payments to contractors, was more satisfactory in 1936 than in 1933.

In 1933 the average mail pay per mile was 54 cents, while in 1936 it was 31.1 cents; in 1933 the pounds transported were 6,741,788 and in 1936, 15,377,993; a direct subsidy was reduced from a little over $13,000,000 to a little over $2,000,000.

I do not understand that the condition spoken of at page 278 by Mr. Graddick, namely: "the less mileage they fly the more pay they get for it. The more mileage they fly the less pay they get" can be accepted without qualifications, but if it can be accepted, then is the question not as to whether the Interstate Commerce Commission is justified in its rate making, rather than a question of changing the rate-making authority.

Specifically, the question that arises is whether the I. C. C. is justified in increasing rates during 1936 so as to aggregate $1,539,229.45.

During the hearings on the McCarran bill there was more than a hint of a feeling somewhere that the rate-making power should be returned to the Postmaster General.

When the hearings on the McCarran bill, S. 2, are available, it will be worth while to go over them for evidence affecting this question.

In discussing the making of the increase in rates Mr. LUDLOW appears to have said (House hearings, p. 290):

"Mr. LUDLOW. On page 165 of the justifications we find given the causes of the increase in this appropriation. The annual rate has been increasing month after month, without the authorization of any additional service on any of the routes, due to several reasons, among which are, first, rate increases granted by the Interstate Commerce Commission; secondly, a steady increase in the poundage of air mail transported, resulting in excess-poundage payments on a number of routes; thirdly, increased mileage, due to a resurvey of the routes by the Bureau of Air Commerce of the Department of Commerce. It seems that the total length of routes has increased from 29,197 miles on July 1 to 29,440 on November 1, 1936, due to the restatement of distances, even though no new routes or extensions have been authorized."

According to the testimony of the Superintendent of Air Mail Service, the resurvey of routes is a matter of safety which results in the air-mail contractors not being permitted in every instance to fly the shortest line, but being required to fly over emergency landing fields.

With regard to reasons first quoted, it appears that the Interstate Commerce Commission rates are based on a sliding scale and are affected by both poundage and mileage. The reference "less mileage * * * more pay"—"more mileage * * * less pay" excites reference to the fact that the base rate of pay is affected by increase or decrease in monthly mileages flown. (I will try to remember to mark a copy of the printed hearings at the place where this matter is discussed.)

Each 10-percent increase over base mileage reduced the rate 1 cent; each 10-percent decrease increases the rate 1 cent.

With regard to excess poundage, the increase in rates works as follows: The average load fixed by law is 300 pounds as a base unit. If there should be an average load of even 1 pound more than 300 pounds the contractor would get a 10-percent increase in the base rate. For example, on route 1—Newark to Oakland—the base pay as of November 1 was 31 cents per mile. On any load of from 301 to 400 pounds United Air Lines would get 3.1 cents increase, or a total of $34.10. On this route, furthermore, the poundage increased to the point where the contractor was receiving not 31 cents per mile but 40 cents per mile, and if the law had not established a maximum of 40 cents the contractor would be entitled to receive 43.4 cents. This extra poundage, according to the Superintendent of Air Mail Service, aggregates about $1,000,000 a year.

Taking this same route 1 under the old rates, the base rate was 33⅓ cents instead of 31, and the rate applicable to load mileage as of November 1, 1936, would have been on this basis: 38 cents instead of the 40 cents the contractor is now receiving. The average base rate in 1935 was 28.3, so that the increase on a rate basis amounts to 2.8 cents. This does not seem to me to be a point for criticism.

From the foregoing, my impression is that one should examine the facts bearing more particularly upon the question whether the rate-making methods of the Interstate Commerce Commission should be changed. The testimony on S. 2 will throw some light upon this question.

Of course, it should be decided with due regard for the Government's subsidy policy to build up a national system of air lines, not only for carriage of mail but also for general commercial and defense purposes.

Supplemental to letter to Hon. JOHN TABER, dated April 19, 1937:

As volume has mounted, unit cost to the Government for transportation of mail by air has steadily decreased.

The numerous existing gaps in our airways system should be filled in.

Mr. AUSTIN. Mr. President, I ask permission to have inserted in the RECORD at this point an editorial entitled "Travesty", dealing with this subject, published in Time of June 14, 1937.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From Time for June 14, 1937]

TRAVESTY

United States airlines are in much the same position as adolescent children of divorced parents. By the terms of the divorce (the Air Mail Act of 1934, passed after the celebrated Farley-Roosevelt air-mail cancelation), "Mother" Interstate Commerce Commission has "influence", some jurisdiction. But "Father" Post Office—by control of the air-mail subsidy—has the whip hand. "Mother" I. C. C. would like to let the growing business expand in healthy exuberance. "Father" Post Office, remembering the air-mail scandal, treats the air lines like boys in a reform school.

This situation has resulted in freezing the lines in practically the same status they found themselves in when the Air Mail Act of 1934 was passed. Though there are many places in the United States where extension of routes would benefit both Nation and air lines, such expansions have almost always been forbidden. Sample case was the rejection 2 months ago of Transcontinental & Western Air's application to inaugurate useful service between Albuquerque and San Francisco (Time, Mar. 22). Last week American Air Lines was similarly forbidden to inaugurate service between Detroit and Cincinnati and between Detroit and Indianapolis via Fort Wayne. The Air Mail Act prohibits a new service which might compete with an established one, even if the public's best interests might thus be served.

To improve this awkward arrangement, no less than seven bills were introduced in the present Congress. Two have now merged into the McCarran-Lea bill which would put the airlines almost entirely under the nonpolitical jurisdiction of the I. C. C. This bill emerged from committee last week and is soon to face a vote. Few sincerely air-minded persons in the United States oppose it. The Air Line Pilots' Association unanimously voted in favor of I. C. C. jurisdiction; all the air lines devoutly hope the McCarran-Lea bill will pass. They have, however, been slow to say so because they fear offending the potent Post Office, which also has a bill in Congress—the Mead bill giving it even greater power over aviation than it has now.

This legal rivalry has smoldered for months in Washington. To oppose the McCarran-Lea bill, the Post Office has lately softened its harsh attitude toward the lines, gone out of its way to give them what they asked. Example was permission to United Air Lines last month to fly into Denver (Time, May 10). To make this new service jibe with the Air Mail Act, Solicitor Karl A. Crowley had to devise a totally new concept—that an air line is a "zone of influence" instead of a geometric line. Last week Post Office men in Washington revealed that they will soon advertise for bids for a number of important new air-mail routes, one of which is the flight from Winslow to San Francisco that was denied to

T. W. A. only 2 months ago.[1] Almost every air line in the United States is seriously affected by these proposed new routes, and airline officers last week freely predicted that the scramble for contracts would rival the furor caused by the 1934 cancelations. How most of them feel was expressed in an editorial in a new magazine named American Aviation, whose first issue appeared last week.[2] Excerpt:

"The Post Office opposition is no mystery. A politician has to have in his bag of tricks a group of favorites. In the present situation the air lines are one of the pawns. Political groups must pay communities off in the cheapest coin necessary. Air mail is one way of paying political debts. * * * Only the other day some ebullient Congressman introduced a bill to set aside May 28 as 'Aviation Day.' What a travesty!"

Mr. AUSTIN. Mr. President, Senate bill 2 comprehends more than the Air Mail Act of 1934. It is a broad, general, comprehensive proposal intended to regulate all phases of air transportation. One of its chief objectives is the safety of the men, women, and children traveling by air. It undertakes to prescribe regulations which have for their objectives safeguards, security, protection, and regulation. This is not a bill for monopoly by the Government. Here, thank God, is a bill which can be passed without Senators feeling that they are transgressing American institutions and American principles. Here is a bill which has the old, old American doctrine running all through it—the doctrine of regulation rather than monopoly by the Government. The Government does not by this bill stick its nose into private business. Here we are not thrusting private business aside and trying to crush it and run over it with a huge governmental monopoly. Here we are undertaking to apply a well-known and well-tried means of regulation.

Here we are employing an institution which stands well before the people of the country because of its record. The Interstate Commerce Commission has been tried and proved to be effective. It has accomplished great good and has accomplished no harm and no wrong. What the bill undertakes to do is not merely to cover the regulation of air mail, to which the Air Mail Act of 1934 was limited, but to extend its provisions to the entire air-transportation business.

Someone asked me, "What is the attitude of labor relating to this matter?" I am glad to answer that question. I cannot speak for it save by virtue of its communication to me under date of August 2, 1937, in which it hands me a sort of brief description of the McCarran air-safety bill of 1937 and refers to Senate bill 2 in this way:

Cost to Government less. In the first place the cost to the Government of regulating interstate air transportation under the proposed McCarran air-safety bill will be less because under the Interstate Commerce Commission there will be a more efficient administration of these air transportation safety regulatory functions. To bear this out we wish to invite attention to the fact that the Interstate Commerce Commission now employs 2,236 people and regulates the railroads, busses, pipe lines, and some waterways, both as to safety and economic regulation. On the other hand the Bureau of Air Commerce, Department of Commerce, employs over 2,100 people to regulate a comparatively small industry and then only in regard to safety because they have nothing to do with rate fixing and problems of necessity and convenience.

The attitude of labor toward this bill herein expressed is that of a desire to have it passed. That is the definite answer on that point.

Mr. President, there is another matter to which I desire to invite attention. Reference to this particular matter might be regarded as a bit of temerity on the part of a Republican, a member of the minority in the United States Senate who wishes to gain the votes in the Senate which are substantially all on the other side of the aisle. But I would not be faithful to my convictions, I would be ashamed of myself, if I did not refer to this particular matter.

More than that I have such confidence in the probity and fairness and justness of the Members of the Senate that I feel a reference to it will be given due consideration today, which it did not have at a former time and perhaps could not have had in view of the emotional situation which existed here at the time the Air Mail Act of 1934 was passed.

I refer to the vindictive clause in that act. Not only were the contracts canceled without hearing, without notice, without the presence of any of the contractors, and without any judicial proceedings whatever, and by sheer force and tyranny, but there was caused to be inflicted upon the contractors a punishment without any judicial judgment of guilty. Those who had been the pioneers, the great constructive geniuses in this industry, were caused to suffer one of the greatest penalties that could be suffered by men who had committed all their energies to such an enterprise, and that was that they were prohibited for a period of 5 years from entering into a contract with their Government. I know of no other punishment, save loss of freedom, loss of liberty, loss of life, more severe than that disgraceful and opprobrious punishment which was caused to fall upon these contractors.

Not content with this disability for 5 years, what further do we find? The President himself sent a message to the committee of which the Senator from Tennessee [Mr. McKELLAR] is chairman, the Senate Committee on Post Offices and Post Roads, recommending the disqualification for life of these men from entering into any such contracts. How does it come about? It comes about through various forms which are described in the document which I have caused to be inserted in the RECORD, but it finally comes about in the form of section 7 (d) of the Air Mail Act of 1934:

No person shall be qualified to enter upon the performance of, or thereafter to hold an air-mail contract, (1) if at or after the time specified for the commencement of mail transportation under such contract, such person is (or if a partnership, association, or corporation, has a member, officer, or director, or an employee performing general managerial duties, that is) an individual who has theretofore entered into any unlawful combination to prevent the making of any bid to carry the mails.

I suspend the reading to point out that these contractors would not be more specifically pointed out if their names were inserted right in that section. I asked the solicitor of the Post Office Department the question, Who were intended to be included in that prohibition for life? He testified—and it is in the hearings on this bill—that it was the contractors whose contracts were canceled by the Postmaster General.

I continue to read:

Provided, That whenever required by the Postmaster General the bidder shall submit an affidavit executed by the bidder, or by such of its officers, directors, or general managerial employees as the Postmaster General may designate, sworn to before an officer authorized and empowered to administer oaths, stating in such affidavit that the affiant has not entered nor proposed to enter into any combination—

Familiar, is it not?—

to prevent the making of any bid for carrying the mails, nor any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person to bid or not to bid for any mail contract, or (2) if it pays any officer—

Is not this amusing in the light of what occurred yesterday?—

if it pays any officer, director, or regular employee compensation in any form, whether as salary, bonus, commission, or otherwise, at a rate exceeding $17,500 per year for full time.

The Black-McCarran Act forbids anybody connected with these air lines having, although they may earn it, compensation of any kind, whether it includes emoluments or no emoluments, salaries or fees or whatever it may be, exceeding $17,500 per year; and we as a Congress laid that down in this statute condemning for life these contractors.

If there is any one thing that would persuade me, if I felt doubt about this McCarran air-transport bill, to support it here, it would be the fact that thereby it would be possible to repeal that disgraceful, vindictive law. I

[1] Others in order of probability: Washington to Buffalo via Baltimore and Harrisburg; Jacksonville to Mobile via Tallahassee; Pittsburgh to Chicago via Dayton; Houston to Corpus Christi; Huron, S. Dak. to Cheyenne; Denver to Kansas City, Memphis and Birmingham.

[2] An informative, slick-paper bi-monthly selling for $3 a year, edited by outspoken Wayne W. Parrish, one-time editor of National Aeronautics Magazine. Copublishers with him are the Stackpole Bros. (Maj. Albert Hummel and Gen. Edward James), publishers of the 104-year-old Harrisburg (Pa.) Telegraph.

hope the Senate will exercise its prerogatives as well as its duty, and attend to that matter at this session.

Mr. WHEELER. Mr. President, it seems that every time we discuss air transportation in the Senate, we have a great deal of heated argument with reference to the subject. We are faced with the situation that, as I understand, one Senator today indicates that he is going to filibuster to prevent a vote being taken on a bill of which the overwhelming majority of the Senate, I believe, is in favor. I merely wish to say that if that takes place, we may expect to be here for a considerable period of time, because I do not think it is fair to the Senate of the United States that one Senator should be permitted, in the closing days of the session, and at the expense of every other Senator, simply to announce that he is going to try to prevent a vote being taken here.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. McKELLAR. If the Senator has been in the Senate Chamber during the debate on this bill—and I think he has been—he knows that the Senator from Nevada [Mr. McCARRAN], the Senator from Missouri [Mr. TRUMAN], and the Senator from Vermont [Mr. AUSTIN] have talked more about the bill than I have. Does the Senator include them in the filibuster about which he is talking?

Mr. WHEELER. Let me ask the Senator from Tennessee a question. Will the Senator from Tennessee permit a vote to be taken on the bill?

Mr. McKELLAR. Not until the Senate has the facts concerning the bill.

Mr. WHEELER. Will the Senator agree upon a time to vote on the bill?

Mr. McKELLAR. No; I will not. The Senator from Montana is the fourth Senator to speak in advocacy of the bill. Its advocates have presented their side. I have not yet presented my side. I desire to present it, and I shall do so if I have a chance to do so.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. CONNALLY. As a bystander and a neutral in this controversy, I wish to challenge somewhat the sentiments expressed by my distinguished colleague, the Senator from Montana [Mr. WHEELER].

Nobody can defend a filibuster just for the sake of consumption of time; but, at the same time, I am not in favor of ever limiting debate in this body. It is the one place in America where there is freedom of debate and freedom of discussion. When I became a candidate for a seat in this body the first time, one of the planks in my platform was a pledge not to vote for cloture in the United States Senate.

I think filibusters are sometimes justified. I think until the country thoroughly understands a question, Senators have the right to utilize their privileges on this floor to hold up action, and to delay action until the country can be aroused, and until the country knows what it wants to do.

There was no filibuster, for instance, on the recent Supreme Court bill; yet if the Judiciary Committee had not held that bill in the committee legitimately—not for filibustering purposes, but legitimately—until such time as complete hearings could be had, and the country could be advised about it, the result might have been different. So I hope the Senator from Montana will not undertake to convert the Senate to the theory that just because somebody wants to get a bill up we are going to bring it up without proper discussion.

Mr. WHEELER. I think the Senator from Texas misunderstood me. As a matter of fact, I have never voted for cloture in this body, and I never shall.

Mr. CONNALLY. I congratulate the Senator.

Mr. WHEELER. Like the Senator from Texas, I never shall vote for cloture in this body; but I do think it is unfortunate when one Senator says he is going to hold up a bill, as I have understood the Senator from Tennessee has said he was going to do.

Mr. BORAH and Mr. McKELLAR addressed the Chair.

The PRESIDING OFFICER (Mr. GERRY in the chair). Does the Senator from Montana yield; and if so, to whom?

Mr. WHEELER. I yield first to the Senator from Idaho.

Mr. BORAH. Mr. President, I desire to say to the Senator from Montana and the Senator from Texas that there is creeping into the practice of the Senate a form of cloture to which I think we ought to give considerable attention. That is the disposition, which has been put in practice several times of late, to move to lay a matter on the table before discussion can be had; and several times the motion has been carried.

Mr. CONNALLY. If the Senator from Montana will yield further——

Mr. WHEELER. I yield.

Mr. CONNALLY. I desire to say that I probably have sinned in voting sometimes for motions to table; but as a rule I think it is a bad practice, and it is really contrary to the theory which the Senator from Texas was just expressing. I think the United States Senate is one place where all public questions ought to be thoroughly discussed, and plenty of time given. What is time? We are going to be here or somewhere else all the time, and we are supposed to serve the people of the United States all the time; and if the proper consideration of a question requires us to stay here from now until the first day of January, it is our duty to do so.

Mr. BORAH. Mr. President, if the majority utilizes the practice of moving to lay matters on the table whenever it sees fit to do so, then we have cloture in the Senate.

Mr. CONNALLY. In a limited sense, but not on the final passage of a bill.

Mr. BARKLEY. Mr. President, if the Senator will yield——

Mr. WHEELER. I yield.

Mr. BARKLEY. In that connection, I will say to the Senator from Idaho that the only time within recent weeks that I know of when a motion has been made to lay on the table was when a wholly different subject was sought to be engrafted upon a bill under consideration, one which had no connection whatever with the bill under consideration; and to have debated that subject as long as it was subject to debate, and with the probabilities of its extension, would have made it impossible to vote on the main bill under consideration. In the two instances I have in mind which occurred recently, the motion to lay on the table was not because of any desire to shut off legitimate debate, but because the conduct of an extensive and indefinite debate on an amendment offered would have prevented action on the bill which was under consideration.

As a matter of principle I agree with the statement of the Senator that ordinarily a motion to lay on the table is one that ought to be resorted to only in the most extreme cases, or where it is necessary to secure action on legislation which the Senate wishes to consider. I do not think the two instances in recent days ought to be regarded as establishing a practice or undertaking to inaugurate a custom in the Senate.

Mr. BORAH. I hope not; and I am delighted to have the majority leader's view upon that matter. The particular instance to which the Senator refers was not the instance which was in my mind when I made the observations I did make; but I am certainly pleased to have the majority leader in a sense discourage the practice.

Mr. WHEELER. Mr. President, when this bill was introduced by the Senator from Nevada [Mr. McCARRAN] it was referred to the Committee on Interstate Commerce. As chairman of that committee, I did what is ordinarily done with a bill which I deem of importance; I appointed a subcommittee, and it held hearings with reference to the bill. The subcommittee was composed of the Senator from Ohio [Mr. DONAHEY], the Senator from Wyoming [Mr. SCHWARTZ], the Senator from Missouri [Mr. TRUMAN], the Senator from Pennsylvania [Mr. DAVIS], and the Senator from Vermont [Mr. AUSTIN]. Subsequently, the Senator

from Ohio [Mr. DONAHEY] became ill, and I appointed the Senator from Missouri [Mr. TRUMAN] chairman of the subcommittee. They held hearings. The Post Office Department was heard, the Interstate Commerce Commission was heard, the air transportation people were heard, and everybody who wanted to be heard was given an opportunity to be heard.

After the bill was favorably reported by the subcommittee to the full committee, it was unanimously reported by the full committee to the Senate. Before it was reported, however, the Senator from Tennessee [Mr. MCKELLAR] came before the committee, and was given an opportunity which is accorded to very few persons. He came there and cross-examined for days and days practically every witness that he wanted to cross-examine. There has never been a bill before the Committee on Interstate Commerce on which there has been a fuller or fairer hearing than on the present bill.

This bill is in accord with the President's views with reference to air transportation. He has repeatedly sent messages to the Congress in which he has said that air transportation should all be consolidated under one commission. I have his messages here on my desk.

The Senator from Tennessee has complained about the provision in the bill with reference to consolidation. That provision was taken from the Railroad Transportation Act, and has been passed on by the Supreme Court of the United States. It is the same provision that is in the Motor Carrier Act, and it goes further to make illegal consolidations impossible than either the Railroad Transportation Act or the Motor Carrier Act. In no instance can a consolidation take place unless it is first submitted to the Interstate Commerce Commission and found to be in the public interest. The bill goes so much further than does the present air-mail law with reference to regulation of air transportation that there is no comparison.

There is reference to consolidations by the Post Office Department. I can point to case after case where there has been a consolidation by the Post Office Department under the present law, and where, as a matter of fact, the Post Office Department has permitted consolidations of competing carriers in violation of the present statute, under their own admission.

Mr. POPE. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. POPE. It appears that all those in my State who are interested in air transportation, the pilots, and everyone else, are for the bill, and it is interesting to me to hear from the Senator that the restrictions in this bill are greater than those in the present law. It seems to me a little unusual that those who are to be regulated are favorable to the bill, if the regulations are more strict than are those found in the existing law.

Mr. WHEELER. I think the reason for that is that air transportation has been a political football, and favors have been granted. I do not know that this has happened under the present administration of the Post Office Department, but we do know that under a former Postmaster General the air transportation of this country was kicked around like a political football, and favors were granted to this particular individual and to that individual, to the man who had the greatest political pull.

I do not know one single individual who either owns one of these companies or is interested in air transportation. It just so happens that I have never come in contact with them, and have never seen them before the committee, except when I acted as chairman of the subcommittee temporarily, so I do not know any of them, and I have never come in contact with them. But I think they are interested because they feel that the bill makes for stability in the industry, and I think they are for it because they feel that this is the way to get the business out of politics.

The Senator knows, as we all know, that when the first bill proposing the regulation of the railroads through a commission was introduced and the Interstate Commerce Commission was created, most of the railroads were opposed to it, because they said it was going to ruin the railroads. Today, in my judgment, they feel that it makes for stability, and the rules and regulations of the Interstate Commerce Commission are carried out in a legal manner, and the roads have a right to appeal to the courts of this country. If there were an attempt to repeal the interstate-commerce law, the railroads, the railroad brotherhoods, all the business interests, as well as the shippers, would come before the Congress and ask us not to repeal the law.

It is easy to stand before the Senate and say that the air-transportation interests want this bill and, consequently, we should not pass it. It is easy for me or anybody else to stand before the Senate and try to appeal to the prejudices of Senators because some individual appeared and advocated the enactment of the bill.

When this bill came before the committee and the hearings were started, I wrote to Mr. Miller, Chairman of the Interstate Commerce Commission, and called him on the telephone and asked him if he would not send one or two of his experts to cooperate with the committee so that we could work out a good bill for air transportation. He sent two experts from the Commission to work with the subcommittee.

As I have said, not only are the people who are interested in air transportation in favor of the bill—at least some of them, though perhaps not all of them—but the air pilots as well are interested, as are the people out in the western section of the country and many cities there. They are in favor of the bill. The American Federation of Labor has endorsed it; the railroad brotherhoods have endorsed it; all the great labor organizations in the country have endorsed it; and all the air manufacturers have endorsed it. Practically all those in the country who are interested in air transportation, and the little chambers of commerce that are interested, have endorsed it; and I know of no opposition of any kind or character to the bill excepting that which emanates from the Post Office Department.

Some of the young clerks in the Post Office Department are opposed to the bill because they do not want taken from the Post Office Department some control over the air-mail lines. But when we have set up a commission, in which the people of the United States have confidence and which they trust, to regulate the great transportation system, and when we know that air transportation has been made a political football, that there has been corruption and crookedness, should we be guided by such a consideration?

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. AUSTIN. I wish to ask a question for fear it may be overlooked. The Senator referred to the Post Office Department losing some control over the air mail.

Mr. WHEELER. Yes.

Mr. AUSTIN. I call the attention of the Senator to the fact that the Post Office Department would not lose control over the mail itself.

Mr. WHEELER. That is correct.

Mr. AUSTIN. Under the bill the Post Office Department would continue to place air mail on the carrier it chose, provided that carrier were authorized to carry mail.

Mr. WHEELER. I thank the Senator for that suggestion, because the Post Office Department is still going to have authority with reference to the air mail.

The Interstate Commerce Commission deals with railroad transportation, it deals likewise with motor-carrier transportation, and is not the Commission the proper repository for control over air transportation?

A commission was appointed to study this matter, and they recommended, as I recall, that a separate commission be created for the purpose of handling this matter. The President agreed that there should be a commission appointed, but did not want an independent commission; he

wanted to have it, as I read his statement, under the Interstate Commerce Commission, according to messages which he sent to the Congress, and the expert from the Commission says that the President specifically so stated in his letters.

When we are speaking about consolidations which are going on, let me call attention to the fact that certain language was put into the Air Mail Act of 1934, as amended, which prohibited an air-mail contractor from engaging in any other line of aviation endeavor, such as manufacture. It also prohibited mergers and consolidations under section 7 (a), (b), and (c). It further prohibited any director or officer of any carrier from being financially interested in another air carrier.

The opponents of Senate bill 2 openly charged that should the bill pass these safeguards would be eliminated, due to the fact that the bill would repeal the Air Mail Act. This is not the case. The language of Senate bill 2 is tried and tested, and contains practically the same language that has been used in both the Rail Act and in the Motor Carrier Act. This was fully developed at the hearings before the Interstate Commerce Committee.

I attended the hearings for a day or so, at the request of some of the members of the Committee on Interstate Commerce, and I called attention to the fact, as appears on page 301 of the printed transcript of the hearings, that consolidation of competing lines between Washington and Pittsburgh and Detroit had been permitted. I now quote the Senator from Tennessee [Mr. McKELLAR]:

> In this case, then, these two companies have violated the law, and they ought to be prosecuted for it.

I further brought out the fact that this was done with the consent of the Post Office Department.

If the Air Mail Act forbids consolidations—about which the language of section 7 (a) seems to be pretty clear—the Post Office Department has consented and been a party to the following violations:

First. Long and Harmon bid and secured route 15 in 1934, evidently with the idea of selling, because a few months later they sold to Braniff Airways; and this sale, although forbidden by law, was allowed by the Post Office Department. Under the Air Mail Act there is no protection to the Government, as would be the case under Senate bill 2, with complete investigation by the I. C. C. prior to any consolidation. Before any consolidation of any kind may be made, an application must be filed with the Interstate Commerce Commission, and the application must be investigated, and hearings had upon it.

Mr. DAVIS. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. DAVIS. There was also a consolidation of the so-called Pennsylvania Air Lines with the Central of Pennsylvania Air Lines.

Mr. WHEELER. Yes; I am coming to that.

Profits on this sale and other mergers, such as the Pennsylvania-Central consolidation, may be capitalized to any extent by the company acquiring the mail contracts. Under Senate bill 2, with full control and investigation of these mergers, lower postal rates would result, because of the fact that the capital structure could not be expanded beyond a reasonable point.

Other violations and consolidations are as follows:

Second. North American Aviation Corporation, an aircraft manufacturing company, was awarded an air-mail contract by the Post Office Department and operates it under the name of Eastern Air Lines. Not only was this allowed but the Post Office further allowed them to acquire a smaller air-mail line known as the Wedell-Williams Line, which also had an air-mail contract. This transfer and consolidation were approved by the Post Office. Under Senate bill 2 such a consolidation would have been investigated, and the Interstate Commerce Commission would have made certain that in this acquisition the capital structure of Eastern Air Lines would not be unduly expanded beyond a reasonable point. The Post Office Department further allowed United Air Lines to buy a portion of the Wyoming Air Lines. Western Air Express has been allowed to purchase National Parks. The Pennsylvania Air Lines bought Central Airlines, as shown in the hearings on page 301. In the latter consolidation a monopoly of the business from Washington to Detroit resulted, and passenger rates were immediately raised above the point where they had been during competition. Senate bill 2 has provisions which will protect the public, whereas under the Air Mail Act the public has no protection. Northwest Air Lines acquired a part of Hanford Air Lines; Varney Air Lines acquired a part of Wyoming Air Lines. In all these cases all parties were air-mail contractors, and nevertheless were allowed to purchase and consolidate at will under the existing Air Mail Act, by and with the consent of the Post Office Department.

According to newspapers and magazines, Eastern Air Lines and T. W. A. are negotiating with the view of combining. It has also been stated in the press that T. W. A. and Pennsylvania-Central are negotiating. The present law has proven inadequate. Some control over consolidation must be immediately enacted.

The bill under consideration would compel air lines desiring to consolidate to file an application with the Interstate Commerce Commission and come before that body and have hearings with respect to their capital structure, and also as to whether or not the public interest is being served. There is nothing in the present Air Mail Act to provide for the proper study of such consolidations before they are permitted.

How are consolidations now accomplished? Applicants go up to the Post Office Department and see some official there, who decides whether the consolidation is all right or is in violation of the law. That is the reason why some of the air-line operators feel they are not getting equal treatment from the Post Office Department, and they desire to have the determination of those questions placed under a body before which they will be afforded hearings, at which it may be shown whether or not the consolidation is in the public interest.

Under subsection (b) of section 3 of the Air Mail Act of 1934, as amended [Senate hearing, see p. 299], the Post Office Department merely considers the transfer of the contract, and does not study the result of such consolidations and their effect upon all United States air transportation. This would be done under Senate bill 2.

The Post Office Department is without authority to control new practices and new ideas such as are illustrated by the following examples:

Two airlines are now advertising "Through sleeper service and interchange of flying equipment." There is nothing in the present air-mail law to prevent the evils of discrimination against other air lines, cities, shippers, or even travellers. Senate bill 2 has the same safeguards in these cases that Congress has so carefully applied to other forms of transportation.

Senate bill 2 provides safeguards to take care of all these cases, and questions of violation and discrimination have to be passed upon by the Interstate Commerce Commission.

In one case a connecting line—namely, Pennsylvania-Central—was charged by one of the transcontinentals with whom it connects with favoring a second transcontinental in the matter of connecting schedules, to the detriment of the first. This is entirely possible under the existing law, but impossible under Senate bill 2, as discriminations are strictly prohibited as the bill was drafted and has been reported out by the committee.

Under the existing air-mail law, T. W. A. advertised service to Baltimore, and was promptly told by the Post Office that regardless of the need of Baltimore for east-west service—that city having none—they would not be allowed to render such service. That is the information that has come to me. One week later American Air Lines, on their Cincinnati-Washington-New York service, were allowed to make a stop

at Baltimore, which they never before had been allowed to make.

United Air Lines has advertised a service on its transcontinental line terminating one or two schedules at Philadelphia. On protest by T. W. A., the Post Office Department held a hearing at which Mr. Crowley, presiding, stated that the case would be decided purely on the basis of air mail, and that no testimony such as was given by the city of Philadelphia itself and various chambers of commerce as to the necessity for that service would be considered. Public convenience and necessity are not considered in any fashion under the Air Mail Act, whereas under Senate bill 2 the public is not only considered but protected.

Mr. BROWN of Michigan. Mr. President, am I to understand that at present there is no authority for lowering the passenger rates of interstate air carriers?

Mr. WHEELER. The expert tells me there is none.

Mr. BROWN of Michigan. Is there no control whatsoever over safety devices?

Mr. WHEELER. That control is in the Commerce Department.

Mr. BROWN of Michigan. Where does the Bureau of Air Commerce come in? What authority has that Bureau regarding devices for the safety of passengers?

Mr. WHEELER. That Bureau comes within the provisions of the Air Commerce Act of 1926.

In House Document 141, on page 20, a further violation of the Air Mail Act is shown, and while the Post Office Department have full knowledge of this violation, and have publicly stated that it is their duty to enforce the act, no action has ever been taken in the matter.

In the matter of interlocking relationship it is shown that an assistant to the president of American Airlines held the controlling stock in Central Airlines, another air-mail contractor, and participated in the consolidation of Central Airlines with Pennsylvania Airlines, which consolidation was also unlawful.

As a further confirmation of the undesirability of maintaining the contract system in regard to air mail, the last bids prove conclusively that air-mail contracts are being bid for with a hope of making money from sources other than through the carriage of air mail at the bid price. Pennsylvania-Central bid $0.0000008, and were awarded a new air-mail contract, which at this figure will gross them approximately 12 cents a year. T. W. A. secured two routes at 1 mill per airplane mile, and will use on these routes a type of airplane that costs approximately 60 cents a mile to operate. The average airplane now used on any air line costs between 50 and 60 cents per mile to operate. Under Senate bill 2 all new operations would be subject to the same careful scrutiny that Congress has wisely provided in the case of other forms of transportation.

Threatening rate wars and unhealthy operating practices which are possible under the existing Air Mail Act would be impossible if Senate bill 2 were enacted.

Mr. POPE. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. POPE. In what other ways do the air lines make up for their losses under such bids as those to which the Senator has referred?

Mr. TRUMAN. Mr. President, will the Senator from Montana yield to me? I think I can answer that question.

Mr. WHEELER. I yield to the Senator from Missouri.

Mr. TRUMAN. The only way in the world in which the air lines can make up for a loss of that sort is by the carriage of passengers and freight. Every time a condition of that kind arises those who ride on the air line have to pay for the loss suffered by the air line in its carriage of the air mail. The only reason why the air lines bid for the air-mail routes at such ridiculously low figures is to keep out competition, for fear they will be driven out of business.

Mr. SCHWELLENBACH. Mr. President, will the Senator from Montana yield?

Mr. WHEELER. I yield.

Mr. SCHWELLENBACH. I do not know whether or not the Senator from Montana heard the question I propounded to the Senator from Tennessee [Mr. McKELLAR] the other day. I became a little weary of waiting for an answer after an hour or so and left. I should like to propound the same question to the Senator from Montana.

Is there any difference in principle between the operation of air transportation and the operation of railroad transportation? Was any serious contention made before the Senator's committee as to any difference which would make it necessary to control air-mail transportation in a different way than that in which we have controlled railroad transportation or truck transportation?

Mr. WHEELER. I know of none whatever. As a matter of fact, we pay subsidies to the railroads, or we give the railroads contracts to carry the mails. Is the fact that the Post Office Department lets contracts to the railroads to carry the mails any reason why the railroads of the country should be under the Post Office Department?

I understand also that in certain instances contracts are awarded to busses and trucks to carry the mail, but who is there in this country to say that the transportation system by railroads or busses or trucks or by the shipping industry ought to be under the Post Office Department? It is a perfectly ridiculous proposition; it has led to nothing but graft, corruption, and political chicanery, and it ought to be stopped.

Those of us who were here when it was being sought to have air lines put into this particular section or that particular section of the country know that the location of the lines went by favor and not by right. Such a practice ought to be stopped. One reason why some of the transportation companies are in favor of putting the service under the Interstate Commerce Commission is that before the Commission a showing has to be made that the service would be in the public interest, whereas no such showing used to be required under the previous arrangement.

Mr. POPE. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. POPE. Two or three days ago the senior Senator from Missouri [Mr. CLARK] and the Senator from New York [Mr. COPELAND] made the argument since the Interstate Commerce Commission had had experience in dealing with railroad freight rates and thought in terms of railroads and the welfare of railroads, that to place this competing service under the Interstate Commerce Commission might not be a desirable thing to do. The Senator from New York said that in the case of joint water and rail rates he had evidence sufficient to satisfy his mind that the Interstate Commerce Commission had favored the railroads as against the shipping lines. I am wondering, from the experience the Senator from Montana has had with the Interstate Commerce Commission if he thinks there is any validity in that sort of an argument?

Mr. WHEELER. Let me say to the Senator I introduced, at the request of the administration, a bill to put water transportation under the Interstate Commerce Commission, and I introduced, at the request of the administration, and had passed through the Congress a bill to put motor carriers under the Interstate Commerce Commission. Some of the motor carriers came before the committee and said that they did not want to be placed under the Interstate Commerce Commission because they thought the Commission was railroad-minded. Many of them, however, came before the committee and wanted their business to be placed under the Commission. It has been under the Interstate Commerce Commission for some time, not a complaint has come to me as chairman of the committee or to any member of the committee, and no suggestion has been made that bus and motor transportation has not been treated with absolute fairness.

We had before us the other day the man who has been appointed as a member of the Interstate Commerce Commission, Mr. Rogers, who had been handling, as head of the bureau, subjects relating to bus and truck transportation. He has been put on the Commission, and the truck industry from one end of the country to the other and the railroads from one end of the country to the other and the railroad brotherhoods all joined in recommending the appointment

and the confirmation by this body of the nomination of Mr. Rogers.

So there has been such a fear as the Senator from Idaho suggests, but after the bills have been enacted and the services have been placed under the Interstate Commerce Commission there has been no complaint. The Senator knows that if anything of the kind as he suggests occurred the first place that those engaged in the trucking industry or the air industry would come to would be the committee. They would want an investigation. They would complain and say that they had not been treated fairly. We all know that they would get an investigation. There is no question but that the Interstate Commerce Commission has not been perfect; we all agree to that; no commission has been perfect, and, so long as it is made up of human beings it never will be perfect, but, by and large, the Interstate Commerce Commission has gained the confidence and respect of all classes of people in this country to an extent that no other commission that has ever sat here in the city of Washington has ever enjoyed. I am glad to say that much for the Commission, imperfect though they may be.

I now want to call attention to a provision in this bill with reference to consolidation. The provision found in the bill goes further than the provision of the Railroad Act, and further than the provision in the Motor Carrier Act. It is all right to get up here and say that this bill is going to permit monopolies, but let us see what are the facts and not consider merely statements as to what is going to happen. I read the provision:

> *Provided*, That no consolidation, merger, purchase, lease, operating contract, or acquisition of control shall be permitted if such act would result in creating a monopoly or monopolies and thereby unduly restrain competition or unreasonably jeopardize another air carrier not a party to the consolidation, merger, purchase, lease, operating contract, or acquisition of control so proposed: *Provided further*, That if the applicant is a carrier other than an air carrier, or a person controlled by a carrier other than an air carrier or affiliated therewith within the meaning of section 5 (8) of part I, such applicant shall for the purposes of this section be considered an air carrier, and the Commission shall not enter such an order of approval and authorization unless it finds that the transaction proposed will promote the public interest by enabling such carrier other than an air carrier to use aircraft to public advantage in its operation and will not unduly restrain competition.

I know of no law and no provision that has been written into any law passed by the Congress of the United States with reference to monopolies that is so strong as the provision in this bill. There is not a law upon the statute books which goes as far as the provisions of this bill go. Those provisions are in the bill because of the fact that I went repeatedly to the Commission and told them of the complaints that had been made, and I went over the matter with Mr. Eastman, who assured me that every precaution was being taken; and every precaution has been taken.

Mr. President, I wish to say a word or so with reference to the argument that has been made by the Senator from Tennessee concerning Mr. Haley. I never saw Mr. Haley until he came before the committee. He has been abused here upon the floor of the Senate because he went down to a room at the Carlton Hotel, I think it was, and sat down with representatives of the aircraft interests. What happened in that case? I will state what happened. The Commission itself asked Mr. Haley to go there. If there is any blame, it should not be put on Mr. Haley.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. WHEELER. Yes.

Mr. McKELLAR. Will the Senator point out to me a single line in the testimony which shows that the Commission sent Mr. Haley down to room 212 to confer with the air-mail lobbyists in connection with the preparation of this bill? I challenge him to do it.

Mr. WHEELER. We can show it. The expert will find it for me.

Mr. McKELLAR. Mr. President, let me say——

Mr. WHEELER. We will come to it.

Mr. McKELLAR. Mr. President, I did not know that our rules had been changed and that experts could be brought upon the floor of the Senate here for any purpose. We have a rule about such matters. I have never liked the custom of chairmen of committees—and I have never done it myself as chairman of a committee— of having experts from a department come here and sit in the Senate and take part in these discussions and debates.

Mr. WHEELER. Oh, well——

Mr. McKELLAR. For they do take part in them when they furnish information. I myself have never engaged in such a practice. I have not asked that the rule be conformed to even in this case when it has been brought out that two gentlemen from the Interstate Commerce Commission have been here from the beginning of this discussion advising Senators who were speaking in behalf of the bill.

Mr. WHEELER. If the Senator from Tennessee wants to ask a question, very well; but I am not going to permit him in my time to proceed along that line.

Mr. McKELLAR. Then, if that is the case, I want to make the point of order now that the rule of the Senate concerning those who have the privilege of the floor is not being enforced.

Mr. WHEELER. The Senator wants to make the point of order now because, in the absence of the Senator from Nevada [Mr. McCARRAN], who is ill in the hospital, I am trying to explain the bill and answer charges made, and when the Senator from Tennessee asked me a question——

Mr. McKELLAR. Mr. President——

Mr. WHEELER. Just let me finish. I refuse to yield—and I have turned to this expert, who knows the files and who says that he will find the answer—because he does not want it answered, the Senator from Tennessee makes the point.

Mr. McKELLAR. I will withhold the point of order that the rule of the Senate be enforced as to those who are entitled to the floor until the expert finds what the Senator wants.

Mr. WHEELER. Very well, I am thankful to the Senator for that.

Mr. McKELLAR. It is nothing to be thankful for; it is a courtesy that I am happy to accord the Senator.

Mr. WHEELER. I am glad the Senator will grant us one courtesy; it is very generous of him.

Mr. President, I wish to say that not only do I understand that it appears in the record, but, from my personal knowledge and conversation with members of the Interstate Commerce Commission, I know they themselves asked Haley to go down there, for they told me so. Of course, it is all right to denounce these people as lobbyists. I do not know them and I never talked with them. I never saw them, and I would not know one of them if he walked into my office.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. AUSTIN. I assume that the Senator is not familiar with what is shown by the hearings before the Appropriations Committee of the House of Representatives. Year after year, charges were made that conferences with air-mail contractors were held, and that under the present Postmaster General it has been found not only wise but necessary to get the air-mail contractors together from time to time to discuss not only the matter of how much money should be appropriated, but also other matters relating to the extension of lines, and all of the necessary details connected with the building up of a vast air-mail structure. Therefore I ask this question: Does not the Senator consider it not only ethical, but practically necessary, for the man at the desk in the Post Office Department to get information direct from the contractors instead of trying to get it through a back door of some kind?

Mr. WHEELER. Of course. It is perfectly ridiculous to talk about lobbyists. When we have to get information, we call these people before the committees. We all know the railroads themselves maintain an office in Washington and all other large industries do the same thing.

At page 335 of the hearings Commissioner Eastman said:

Commissioner EASTMAN. I read what Mr. Haley had to say about that, and it is substantially accurate, although it does not give all the details. I shall be glad to tell you the whole story.

Senator MCCARRAN. I would like to have it.

Commissioner EASTMAN. On December 30, 1936, I received a letter from Congressman LEA, who was not then, I think, chairman of the House Committee on Interstate and Foreign Commerce, but who anticipated becoming chairman, and who said that he wrote the letter with the approval of Mr. RAYBURN.

He submitted to me a copy of a proposed air-carrier bill, and he also enclosed a copy of the bill with the relation to that matter which he filed last year. That latter bill was the one which embodied all the recommendations of the Federal Aviation Commission.

He said he was not sponsoring either of those bills, but he would appreciate it "if the proper persons in your Department could give some consideration to the matter in order that we might informally discuss the subject before the bill is filed."

I was extremely busy at that time, and the bills were voluminous. I called him up and found that he was in no immediate haste on the matter, but eventually I got around to it, with the result that I went up and had a talk with him, and said that I had gone over those bills, and I did not think that either one of them would serve the purpose.

I suggested the desirability of preparing a comparatively simple bill, which would contain what I regarded as the fundamentals of such a system of regulation of air carriers, leaving doubtful points to be brought up and considered at the public hearings.

In other words, I called that a minimum bill, and suggested that there might be need for additions to it, but that those who wanted additions on one side or the other might present those matters at the public hearing and prove their case.

He asked me whether I could prepare such a bill; and I told him at that time what I have told this committee, that I was not very well equipped for that, because, as Coordinator, I did not make a study of the air-carrier situation, nor had I been on the division of the Commission which had dealt with that matter; but, in response to his request, I said that I would undertake that, but that I could not commit the Commission to anything. It would be purely informal work, so far as I was concerned.

Before I finally prepared that bill he submitted, with a letter of January 29, another bill to me, which he said he was advised that all the air carriers, without exception, had agreed to, and he wanted me to consider that also.

In preparing my minimum bill I did not follow any one of those drafts. As a matter of fact, I used your S. 2 as a basis, and made additions, interlineations, and so forth, in that bill, striking out various provisions, and so forth, and getting it into the minimum form.

On February 5 I submitted that bill to Congressman LEA, with an accompanying letter. Would you like to have me read that letter?

Senator TRUMAN. I would like very much to have you read it.

Mr. AUSTIN. Mr. President, will the Senator yield at that point?

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). Does the Senator from Montana yield to the Senator from Vermont?

Mr. WHEELER. I yield.

Mr. AUSTIN. I ask the Senator if he is familiar with this statement appearing in the hearings before the subcommittee of the committee considering the Post Office Department appropriation bill for 1935? Mr. Howes, the Assistant Postmaster General, at page 251 of those hearings, said:

We then called a meeting of those already holding the existing contracts and told them we only had $14,000,000 to spend, and in our letter to them we suggested that they submit plans, if they had any, as to possible curtailment to come within this $14,000,000. They submitted some six different plans, and we finally ended up by taking a plan which was principally our own and deducting from each existing contract a percentage of money to take up the difference, the cut being an equal percentage of them all.

I point to that in order to show that soon after the cancelation of the air-mail contracts and while the air was filled with vibrations from the charges of fraud and collusion and spoils conferences the Postmaster General was doing the only practical thing he could do—that is, calling the contractors together to get their views.

Mr. WHEELER. I thank the Senator.

I continue quoting from Mr. Eastman:

I then had a talk with him, I think, over the telephone, and the substance of that talk is indicated in a letter which I wrote him on March 1, 1937.

Senator MCCARRAN. Before you go into that, Mr. Eastman, it is true, is it not, that on one or two occasions that I recall in times past you have conferred with me and have done me the courtesy of coming to my office for conferences on the drafting of bills on this subject?

Commissioner EASTMAN. Yes, sir.

I read now my letter of March 1, 1937 [reading]:

"Hon. CLARENCE F. LEA,
"Chairman, Committee on Interstate and Foreign Commerce, House of Representatives.

"DEAR MR. LEA: On February 5, 1937, in response to your request, I sent you a draft of an air-carrier bill, intended to be what I termed a "minimum bill." I also stated that I would later submit another draft, prepared on the same theory but providing for regulation of air transportation in foreign commerce as well as interstate commerce. Subsequently you asked me to confer with the representatives of the air carriers, with a view to seeing whether or not, or to what extent, we could agree upon a bill which would go beyond the minimum stage. Such conferences have been held, with me and with men from the staff of the Commission—"

That is where Mr. Haley comes in. I authorized him to have those conferences.

I had not seen that letter prior to today, but I talked with Mr. Eastman about it and he told me he sent Mr. Haley there for conferences with these men. Now is it fair to rise on the floor of the Senate and denounce a man working in one of the departments when his chief sent him to hold conferences with those people? Is it fair to charge that he is working part and parcel with them and that they are just a lot of lobbyists? Representative LEA asked Mr. Eastman to have a conference with the representatives of the air lines. Commissioner Eastman said he would have a conference with them and asked Mr. Haley to carry on the conference. Mr. Haley did so for the Interstate Commerce Commission. He worked nights and went to the hotel to talk with those parties, to see if they could not work out and agree upon the provisions of the bill which would be satisfactory to the Commission, satisfactory to Representative LEA and satisfactory to the industry. That is what took place.

As I said, I do not believe I know anybody in the air industry. As a matter of fact when the Black investigation was being conducted I think I voted to do everything that anybody asked me to do in connection with it, because I thought there was a lot of crookedness and corruption in the industry and in the Post Office Department at that time. To my knowledge none of the representatives of the air companies has ventured into my office. I do not like the idea, merely because we have the power to do so here, of rising and abusing some individual whom I do not know and saying he is just lobbying here, that he was mixed up with lobbyists in a hotel, and have the statement go out to the country that some decent employee of the Government of the United States is only a crook and a criminal when he is merely doing what his chief has told him to do.

Mr. MCKELLAR. Mr. President, will the Senator yield?

Mr. WHEELER. I yield.

Mr. MCKELLAR. The Senator has quoted from a letter dated March 1, 1937, appearing at page 338 of the hearings. If the Senator will turn to page 220 he will find that we have there the evidence of Mr. Haley himself. There we find the reason he gave for going there.

He never said a word about being sent there by Mr. Eastman or anybody else. Here is what he said. I asked him this question:

Mr. Haley, do you sometimes go to the Carlton Hotel?
Mr. HALEY. Yes, sir——

Mr. WHEELER. From what page is the Senator reading?

Mr. MCKELLAR. I am reading from page 226.

I continue reading—

and may I say, Senator, that I was at the Carlton Hotel on several occasions in February, at least, if not in the latter part of January, in connection with this very matter. The reason why I went—

Does he say he went because Mr. Eastman sent him? Not at all—

The reason why I went to the Carlton Hotel was that we were doing this work overtime—nights and Sundays—and the offices of the Commission were closed, and the guards would not let people come in who were not employees of the Commission.

That was the reason he gave for it; not that Mr. Eastman had sent him there.

Mr. WHEELER. Oh, no; just let the Senator read on. Let him read on, on page 227:

Senator McKELLAR. You knew that you were undoing all the provisions in the two air-mail bills, under one of which you were operating?

He was being given one of the most severe cross-examinations that any man has ever undergone who ever came before a committee; and what did he say?

Mr. HALEY. Senator, all I was doing, as I have said before, was carrying out the assignment that Mr. Eastman gave me; and I am sure that Mr. Eastman had no ulterior motive in doing what he was asked to do by Representative LEA. He was giving Representative LEA his advice, and I merely handled the mechanics of it.

When the Senator from Tennessee was reading the testimony, why did he not read it all?

Mr. McKELLAR. Will the Senator from Montana be good enough to read on the next page, page 228? Let us not read a part and only one part.

Mr. WHEELER. But the Senator from Tennessee read a part and then——

Mr. McKELLAR. Yes; but I did it in answer to the Senator from Montana.

Mr. WHEELER. Oh, no; the Senator did not do it in answer to me. He did not do it in answer to any question I asked.

Mr. McKELLAR. I did it in answer to the statement the Senator had made and the Senator's expert had made, that Mr. Eastman had sent Mr. Haley there.

Mr. WHEELER. Mr. Eastman did send him there. Not only did he say so in his letter, but he said so to me, and he said so in the testimony.

Mr. McKELLAR. Of course, whatever the Senator says Mr. Eastman said to him is correct.

Mr. WHEELER. He said it to me, and he said it to other members of the committee.

Mr. Haley said:

May I say just one thing further, which will take but a moment?

Senator McKELLAR. Surely.

Mr. HALEY. I think it has been said here before that the Commission has no interest in legislation. The Commission does not advocate legislation. It does in its annual reports to Congress occasionally make recommendations, but they are usually for changes in existing laws. The Commission does not function as a policy-making institution. That, of course, is also true of the bureaus of the Commission. The bureaus of the Commission and the directors and employees of the bureaus do not tell the Commissioners what to do; they merely carry out the assignments that the Commissioners give them. I thought that that ought to be in the record.

Senator McKELLAR. Mr. Haley, I want to ask you about another matter.

Up to the time this bill was passed, what experience had you ever had in fixing rates for air-mail companies?

Mr. McKELLAR. I should like to have the Senator read nearly to the bottom of the page. It gives a very great insight into this man.

Mr. WHEELER. All right.

Up to the time this bill was passed, what experience had you ever had in fixing rates for air-mail companies?

Mr. HALEY. Before what time, Senator?

Senator McKELLAR. Up to the time the bill was passed giving the authority to the Interstate Commerce Commission.

Mr. HALEY. I had had none.

Mr. McKELLAR. He had none.

Mr. WHEELER. Yes; but that does not answer the question as to whether or not Mr. Haley was sent down there, does it? I submit, Mr. President, that whether or not he had had any experience in that line, whether or not Mr. Eastman was wrong in telling him to go there, it is not right for some of us to rise on the floor of the Senate and abuse somebody because we may have the power to do it. We have not any right to do it.

Mr. President, I am not going to take up any more time. I wish to conclude with what I said when I began. I have no interest in the bill. The Senator from Nevada [Mr. McCARRAN] introduced the bill. It came before the committee. A subcommittee was appointed, composed of the Senator from Wyoming [Mr. SCHWARTZ], the Senator from Missouri [Mr. TRUMAN], the Senator from Ohio [Mr. DONAHEY], the Senator from Pennsylvania [Mr. DAVIS], and the Senator from Vermont [Mr. AUSTIN]. They held hearings on the bill. The Senator from Tennessee [Mr. McKELLAR] came before the committee and gave each and every witness who appeared there a grilling.

Mr. McKELLAR. Mr. President, I know the Senator from Montana does not want to misrepresent what occurred.

Mr. WHEELER. Not every witness, but——

Mr. McKELLAR. Oh, no, no, no; two or three of the witnesses only—Mr. Haley and Mr. McManamy and Mr. Crowley, I think.

Mr. WHEELER. The Senator subjected some of those witnesses to the most grueling cross-examination that anybody had ever undergone before that committee or any other committee of the Congress. As a matter of fact, they were treated as if they were a lot of burglars coming down there.

After that hearing was had, and after Commissioner Eastman made his recommendations, the subcommittee went over the bill and reformed it in accordance with Mr. Eastman's suggestions. The bill came to the full committee, and the full committee unanimously reported it out to the Senate. I say now that there is not a law upon the statute books that goes further toward preventing monopolies than this bill does. It goes further than the Railway Transportation Act. It goes further than any other bill. Before any consolidation of any kind or character may be entered into under the bill, it must be submitted to the Interstate Commerce Commission, and it must be shown that it is in the public interest and that there are not any monopoly features about it.

So, in concluding, let me say that the Senate ought to be given an opportunity to vote on this bill. If they do not want the bill enacted they should be given an opportunity to vote it down. If they do want it enacted, and it is in the interest of the people of the country, and in the interest of transportation, and in the interest of the traveling public, then the bill should be passed at this session of Congress.

Mr. McKELLAR. Mr. President, I now ask that the rule be enforced as to persons who are entitled to the privileges of the floor.

The PRESIDING OFFICER (Mr. JOHNSON of Colorado in the chair). Does the Senator from Tennessee make the point of order?

Mr. McKELLAR. I make the point of order.

The PRESIDING OFFICER. The point of order is well taken. Persons not entitled to the privileges of the floor will leave the floor.

Mr. WHEELER. Mr. President, if the point of order is raised against this man from the Interstate Commerce Commission, I desire to say here and now that I shall raise the point of order with reference to every man who comes on the floor of the Senate with members of the Finance Committee or any other committee that has bills pending before the Senate.

Mr. McKELLAR. I will join the Senator in that.

Mr. WHEELER. It is a perfectly ridiculous rule and a perfectly wrong thing to stop persons coming here under these circumstances, because everybody knows that no individual Senator can keep in mind all the details of the bills that are pending. It is only for the benefit of the Senate that persons familiar with the details of the bills are permitted to come upon the floor of the Senate.

Mr. BORAH. Mr. President, if the point of order is to be made, I suggest that it ought not to be made until after the so-called tax-loophole bill is passed, for I have not yet found anybody who understands it.

Mr. WHEELER. Let me say that the point of order will be made with reference to the tax-loophole bill.

HUGO L. BLACK

Mr. BANKHEAD. Mr. President, on yesterday, when the Senate was considering the nomination of my colleague [Mr. BLACK] as an Associate Justice of the Supreme Court of the United States, I had intended taking some part in the debate if I found it necessary; but the time was occupied by other Senators until it became entirely clear, late in the day, that the Senate was ready to vote. When it was en-

tirely clear to those who are accustomed to observe the sentiment on the floor that an overwhelming majority of the Senate was favorable to the nomination of Senator BLACK, I decided that it was unnecessary to delay further the taking of that important vote; so I refrained from taking the floor, and I have no intention today of reopening any of the arguments that were made yesterday.

I have one specific purpose, and one alone, in taking a little of the time of the Senate today. That is to read into the RECORD, with an explanation of the identity of the authors, certain letters and telegrams which have been sent to Senator BLACK since his appointment as an Associate Justice of the Supreme Court of the United States was announced.

Of course, Senator BLACK has received a great volume of communications; and it is not my thought to undertake to show the widespread approval which has been manifested of his nomination by putting into the RECORD promiscuous communications. However, in view of the debate yesterday upon one phase of the question, and in view of the injection of the Ku Klux Klan into the debate, I do desire to read some communications from outstanding Jews, outstanding Catholics, and one of the leading Negroes in the State of Alabama with reference to their attitude toward Senator BLACK.

I think it is well to incorporate this information in the RECORD, because, as time passes, the record made here yesterday, the debate which took place, and the importance which was given by some Members of the Senate to the allegation of membership in the Ku Klux Klan, may be at least a matter of interest to historians, and may have some important bearing upon the consideration of the qualifications of other nominees when the question of their confirmation is being considered by the Senate.

In making this statement, I think it is appropriate for me to say that from the very first day I ever heard of the organization of the Ku Klux Klan I opposed that organization. I did not oppose it secretly, Mr. President. I did not rest quietly in my opposition, as did some persons who, after the demise of the organization, became rather boisterous in its denunciation. I opposed it when it looked as if two-thirds of the voters of my State belonged to it; at least, they were as thick as a swarm of bees wherever I went. But I opposed it upon the stump, I opposed it in the newspapers, I opposed it in conversation everywhere; and those facts are known to all the people in the State of Alabama.

I wish to refer first to a statement appearing in the Evening Star of August 17, reading as follows:

Meanwhile, in Atlanta, Ga., Dr. Hiram W. Evans, imperial wizard of the Klan, said, "BLACK is not a member." He expressed indifference to COPELAND'S statement that the Alabama Senator was a "Klan sympathizer."

With the statement I have made I feel freer to present to the Senate the views of a number of leading Catholics and Jews in Alabama 10 years after the race of Senator BLACK, in which the Ku Klux question is now injected, with their knowledge of his life, of his position in Alabama, and of his position as a member of this body.

Without going further into the subject, I wish to read briefly from some of the letters I am tendering for the RECORD. I will first read letters from outstanding members of the Jewish race in Alabama.

I have in my hand a letter from Mr. A. Berkowitz, a lawyer of Birmingham, who is the head of a firm of six lawyers, as shown by the letterhead. I read merely the concluding statement:

Congratulations, good luck, best wishes. You deserve the place, you will fill it with honor to yourself, to your State and country. Bless you and keep you.

Your friend,

A. BERKOWITZ.

The following is from Birmingham, where Senator BLACK has resided for many years:

It is with a great deal of pleasure that I learned of your appointment to the Supreme Court. I feel that this is a just and fitting reward for your untiring work and efforts on behalf of our people. My best wishes and heartfelt congratulations.

LOUIS PIZITZ.

He is the largest merchant in the State of Alabama, a Jew.

Here is one from Montauk, L. I., from a man who formerly lived in Birmingham, a Jew:

Your appointment to the Supreme Court is a master stroke on the part of the President and a well-earned promotion for you. Heartiest congratulations and best wishes.

IRVING M. ENGEL.

Here is another telegram from Birmingham:

DEAR HUGO: I rejoice with your many other friends in the honor that has been conferred upon you. May God spare you for many years' health, happiness, and service.

JOSEPH H. LOVEMAN.

He is president of Loveman, Joseph, & Loeb, proprietors of a large department store in Birmingham.

I read now a letter from Birmingham:

I don't know whether I am addressing this letter correctly, whether it should be Senator or Judge. I am very sure that it will be Judge BLACK in a very short time.

I feel very proud of you, first knowing you, and secondly being an Alabamian.

My best wishes are with you.

Sincerely,

LEO K. STEINER.

He is a Birmingham banker, a Jew.

Here is another one from Birmingham:

MY DEAR HUGO: I want to extend my congratulations to you upon your appointment, and also to the President for having been successful in such a wise choice. In my humble opinion it would have been impossible for him to have found one more learned in the law. The only regret I have in the appointment is that you will not be able to continue the fight where it is most needed for the good of the ordinary citizen. * * *

Again wishing you a happy and successful career on the Bench, and assuring you that I will always consider it a great honor to have been your personal friend during the time that you resided in Birmingham, I am,

Sincerely yours,

LOUIS SILVERMAN.

He is a lawyer in the city of Birmingham.

BIRMINGHAM.

MY DEAR SENATOR: I want to take this means of assuring you that it made me very happy to see yesterday's papers come out with the announcement that the President sent your appointment as Associate Supreme Court Justice to the Senate. Knowing you as I do, I feel that the President again used his good judgment in selecting you.

ROBERT A. LAND.

He is a merchant in Birmingham, a Jew.

Here is a letter written from Martin Point, Maine:

DEAR HUGO: Here for the summer. I've just listened to the radio announcement of your designation to the Supreme Court, an announcement which fills me with pride and gratification. You've long since vindicated the faith of your myriad friends. This last and deserved honor elates them inexpressibly. Congratulations, Hugo!

Cordially.

ISADOR SHAPIRO.

He is a lawyer, and a good lawyer, a Jew.

WATERVLIET, MICH.

Congratulations. Your nomination to Supreme Court is well-deserved recognition of your great ability and sterling character.

Dr. and Mrs. MORRIS NEWFIELD.

Dr. Newfield is a prominent Jewish rabbi in the city of Birmingham, a rabbi of the principal and outstanding Jewish congregation in that city, and has been for 20 or 25 years.

Here is another letter from Birmingham:

DEAR HUGO: It is needless for me to go into a long dissertation on how happy I am to learn of your new honor.

I want to add my congratulations, together with the other thousands you will receive from your close personal friends, and I am sure you will fulfill this honorable position with grace and dignity.

Mrs. Baum, Marcelle, and the boys join me in felicitations and best wishes for a bright and happy future.

HERBERT J. BAUM.

He is connected with the Protective Life Insurance Co. of Birmingham.

MONTGOMERY.

My heartiest congratulations on the high honor that has come to you.

SYLVIAN BAUM.

BIRMINGHAM.

Congratulations on your nomination. It is an honor well merited.

LEO M. KARPELES,
BURGER PHILLIPS & Co.

He is a Jew of Birmingham.

BIRMINGHAM.

Our sincere congratulations on your latest honor. Everyone in Birmingham is proud of your record and feel that this truly great honor is well deserved.

LOUIS and SAM PHILLIPS.

This is a firm of Jews in Birmingham, businessmen.

Here is another message from Birmingham. Senators will note that most of these communications come from the home city of Senator BLACK, where the people have known him all these years, and knew him intimately, not only before his race for the Senate 10 years ago, but have had an intimate acquaintanceship and contact with him for 10 years since that time. I read:

BIRMINGHAM.

Accept my heartiest congratulations on what I consider to be the greatest honor that can be bestowed.

BEN LEADER.

He is one of the leading lawyers of Birmingham, active in the practice there for a great number of years, and a Jew.

BIRMINGHAM.

DEAR HUGO: Your nomination to the high position of Justice of the Supreme Court is, in the opinion of your friends, a well-deserved honor. I wish to congratulate you, feeling that you will adorn this high position as you have all others. With best wishes, I am

Yours very truly,

A. LEO OBERDORFER.

He was formerly president of the Birmingham Bar Association, and formerly president of the Alabama State Bar Association.

NEW YORK.

Just heard of your nomination to the Supreme Court. Sincere congratulations. This is splendid recognition of unselfish, fearless public service. The Nation is fortunate to have been able to command for its highest tribunal one so able. Kindest regards.

JULIAN M. SAKS.

He was formerly of Birmingham, Ala., and has been known to Senator BLACK, according to Senator BLACK's notation here, for the last 25 years.

NEW YORK.

As a native Alabamian I am proud of the great honor conferred on one of her distinguished sons, and tender my heartiest congratulations.

OTTO MARX.

I have here also a few communications from foreigners, who, of course, fell under the condemnation of the Ku Klux Klan. Here is one from Birmingham:

BIRMINGHAM.

Hearty and sincere congratulations from one of your truest friends.

Dr. H. A. ELKONRIE,
President of the Association of Assyrian Clubs in America.

He is a man I know well and for whom everyone has very great respect.

BIRMINGHAM.

The Italian American citizens of Jefferson County wish to congratulate you for your good fortune of being nominated to the bench of the Supreme Court of the United States. While Alabama will lose the service of a great Senator, the Nation will gain the service of a great Alabamian. May God bless you and guide you as you sit in judgment.

ITALIAN-AMERICAN PROGRESSIVE ASSOCIATION.

Another telegram from Birmingham:

Just a few words to congratulate you for the honor that has been conferred upon you by the President. We in Alabama are confident you will carry out your new duty with satisfaction to the public. I personally wish you more honor and success.

That comes from the Italian Baptist Church of Birmingham.

I now read a telegram from probably the outstanding Negro in Birmingham, Oscar W. Adams, a man who is and has been for a long time the editor and publisher of a colored newspaper in Birmingham:

May I express to you my deep sense of happiness over your nomination to the position of Associate Justice of the United States Supreme Court, and to congratulate you upon your early confirmation by the Senate of which you are so valuable a Member. Because of your experience and fitness in life and intelligence and your loyalty to party and Nation I feel that no one is better fitted than you for the high place to which you have been named. Please accept the warm feelings of my heart for your continued success in this new field of statesmanship.

OSCAR W. ADAMS.

I now present communications from outstanding members of the Catholic Church in Birmingham and in Alabama. I read a telegram, as follows:

I desire to endorse your elevation to Supreme Court and state that United States Senator HUGO BLACK has never demonstrated Klan prejudice in Alabama or shown any but a fair spirit toward members of the Roman Catholic Church of Alabama. I was the first grand knight of the Knights of Columbus in Alabama and served two terms district deputy for Alabama of Knights of Columbus.

JOHN W. O'NEILL.

I read a telegram from one of the outstanding lawyers in Birmingham, a man well known to me. The telegram is not addressed from Birmingham, but was sent from Fayetteville while he was away from home:

Accept my sincerest congratulations on your appointment to the Supreme Court.

Devotedly,

WILLIAM S. PRITCHARD.

Mr. Pritchard is a former State commander of the Knights of Columbus, and also the former State commander of the American Legion.

I read a letter from Mobile, Ala.:

Please allow me to join with your other friends to offer my sincere congratulations to you on the occasion of your appointment to the Supreme Court Bench. This is recognition for service well performed and loyalty to a cause, and is a distinct honor for you and for our State.

This is one appointment that our President never will regret, as I know that you will enter into your new duties and discharge them with the same ability and integrity and loyalty that you have done in the Senate.

I rejoice with you and your friends and wish you unlimited success in your new field.

Sincerely yours,

HERVE CHAREST.

That letter was written on the stationery of the Knights of Columbus, Mobile Council No. 666.

I read another letter from Mobile:

You will get many a message of well wishes; please accept mine somewhat differently.

No news could have appeared in the headline of our newspapers yesterday that would have given me as much pleasure as seeing your appointment to the highest tribunal within our Constitution.

The South has always felt with pride when they thought of Supreme Justice White, and in years to come I want to see another southern man's name placed alongside of Judge White's with his same ability, and I know you have it.

I cannot add more to the above, which expresses my sincere feeling.

Good luck at all times.

Your friend,

H. C. MURNAN.

Mr. Murnan was one of the chief engineers in the construction of the Panama Canal. He is a Roman Catholic. All these later messages are from Catholics.

I read a telegram from Mobile:

May we extend to you our sincere and heartiest congratulations upon your appointment to the Supreme Court of the United States. A logical appointment of a logical man.

VINCENT B. MCALEER.
JOSEPH N. LANGAN.

They are lawyers in the city of Mobile, Ala.

I read an extract from a letter from New York:

One of the statements published yesterday recalls a memorable conversation we had——

This is from a personal acquaintance of Senator BLACK—

and reminds me that, as a Roman Catholic, it is my duty now to record my unqualified and enthusiastic approval of your selection for a place on the highest court of the people.

With assurance of my highest esteem and loyal good wishes.

JAMES O'SHAUGHNESSY.

I read a letter from Mobile:

It was with a great deal of pride and pleasure that I read of your nomination by President Roosevelt to the United States Supreme Court. It certainly was a great honor to you and all Alabama should be proud of you, and I wish to join those sending you the sincerest of felicitations and best wishes for your continued success in the high office to which you have been called.

With assurances of my personal esteem, I remain,

Yours very truly,

W. V. McDERMOTT.

That is another lawyer of the city of Mobile, an active and devoted Catholic in that really Catholic city.

I shall not further read such endorsements.

I now wish to read a telegram from Mrs. Beck, a Jewish lady with whose family Senator BLACK lived before he was married. Her family are well-known Jews in Birmingham. Her husband was a businessman. I knew him well before he died. Senator BLACK lived in that Jewish home before he went to the World War. Mrs. Beck says in her telegram:

I have just heard of appointment and honor bestowed upon you. Congratulations. Love to all.

Mrs. H. L. BECK.

I am informed that Mrs. Beck came to Washington on the occasion of President Roosevelt's inauguration, and during her visit here stayed in the home of Senator and Mrs. HUGO BLACK.

I give that personal touch simply to show how Jews, some of whom know this man intimately, because he lived in their home—and Mrs. Beck lived in his home while visiting here in Washington—rush to send to the colleagues of Senator BLACK in the Senate their testimonials to his fairness and his friendliness toward those who were condemned and fought by the Ku Klux Klan.

Let me now read just two or three telegrams from the judiciary of Alabama, because some comment has been made about the judicial temperament of Senator BLACK.

I read a telegram addressed to me from Montgomery, Ala., our State capital:

Permit me to commend in every way appointment of Senator BLACK. He is a great and profound lawyer and as such has the unqualified respect and esteem of this court. His appointment is highly gratifying from the bench and bar of this State and from the South generally.

CHARLES R. BRICKEN,
Presiding Judge, Court of Appeals of Alabama.

We have two appellate courts in Alabama—the court of appeals, which has certain jurisdiction, and what is known as the supreme court, which is our highest court of appeals. I have before me a telegram from the chief justice of the Supreme Court of Alabama. Both of these judges, permit me to say, have been honored by and have held the confidence of the people of Alabama for many long years. I think Judge Anderson has been on the Supreme Court of Alabama for at least 30 years. He has always been a candidate for that office without opposition. He is loved and respected by the people of the State. Judge Brickens, of the other court, has been presiding judge for some 12 or 15 years, and always has been reelected without opposition. He is a man of the highest type, having the confidence of the people of Alabama.

I read a telegram from Judge Anderson addressed to me:

I regard Senator BLACK as eminently qualified to become a member of our highest court. While Senator BLACK has been out of active practice since a Member of the Senate, previous thereto he enjoyed a fine law practice, and I regard him as one of the best lawyers in the State. With his age and vigor I think he will become a valuable acquisition to the Court. His character is above reproach. I recommend his confirmation.

JOHN C. ANDERSON,
Chief Justice, Supreme Court of Alabama.

I now read a telegram from the presiding judge of the circuit court at Birmingham. There are about 10 judges in the circuit court. Judge Thompson is the presiding judge, and he has sent me the following telegram:

I have known Senator BLACK for 25 years. His actual court experience has covered every field of law. His imminent success proves his ability. His personal and mental integrity insures fairness as a judge. This opinion is shared by the leaders of the bar, as I have heard them express themselves since his nomination.

J. FRITZ THOMPSON,
Presiding Judge, Tenth Judicial Circuit.

Here is a telegram signed by all the other members of that court—nine, I believe, in number. I will read the names into the RECORD at the end of the telegram:

BIRMINGHAM, ALA., *August 16, 1937.*

Senator JOHN H. BANKHEAD:

We, the undersigned judges of the Tenth Judicial Circuit of Alabama, earnestly urge confirmation of Senator BLACK. As an active practitioner for a long number of years in the courts of Alabama and the Federal courts and in both trial and appellate work he has distinguished himself as a lawyer of the highest ability. He has a striking legal mind and is thorough in his work and goes to infinite pains that what he does may be entirely accurate. He is a man of indefatigable energy. He has at all times been courteous, fair, and frank in his dealings with the courts, his fellow members of the bar, parties, and witnesses. His work is relied on implicitly. The finest and highest ideals of the legal profession have been exemplified in his professional career. His whole life to those who know him well stands as an all-sufficient proof of his worthiness of any trust requiring legal learning, ability, moral courage, honor, and uprightness. His moral character is unstained. These qualities have deservedly gained for Senator BLACK a high place among the leaders in the legal profession in Alabama and a high place in the esteem of his fellow citizens of his native State. We confidently predict that if he is confirmed he will perform his duties upon the bench in a fair and impartial manner and in a way that will fully comport with the finest concepts of the function of a court of justice.

Robert J. Wheeler, J. Q. Smith, J. Russell McElroy, C. B. Smith, J. Edgar Bowron, Leigh M. Clark, Richard V. Evans, and Gardner Goodwyn.

All the signers of this telegram are well known personally to me, and one of them was a classmate of the Senator from Tennessee [Mr. MCKELLAR] and myself at the University of Alabama.

Mr. President, I shall not go further into this matter, and my only excuse for taking this much time, after the settlement of this controversy, is that I desired to leave here a record of the testimony of his contemporaries, in personal life, in political life, in professional life, including Negroes, Catholics, Jews, merchants, lawyers, judges, covering all fields of human activity and association. I have felt that it was fair and just to him, in view of the adverse inferences sought to be drawn here on yesterday as to his qualifications, as to his fairness, as to his judicial temperament, to read into this RECORD the testimony of people who know him and who have voluntarily, and at their own expense, without information that such evidence was desired or needed, forwarded these communications, most of them in the form of telegrams, asserting their confidence in the man, their faith that he will make a great Judge, their testimony of his purity of character during all the years behind him.

I once had a contest with HUGO BLACK. We ran against each other and we had a vigorous, active campaign. As you know, Mr. President, it is not unusual when contests of that character are waged for the candidates to come out of the contest with bitterness in their hearts. I wish to say to the Senate that after a campaign which lasted for nearly 10 months in the State of Alabama, involving personal canvassing and speaking all over Alabama, and the free use of the newspapers, when the votes were counted and it was ascertained that HUGO BLACK, a man inexperienced in the politics of the State, had led four other candidates, including myself—and one of the candidates was a former Governor of the State, another a former justice of the supreme court of the State, and another a man who twice ran against Senator Underwood, once for the Alabama delegation to the national Democratic convention and once as a candidate for the Senate, and gave him great trouble both times—I had no bitterness in my heart, because I had no justification for it. HUGO BLACK had treated me just as I tried to treat him, with fairness. We had crossed swords upon the political battlefield but neither tried to strike an unfair blow, and I predicted, within a very short time afterward, in a public speech in his old home county, that the time would come when HUGO BLACK, a new Member of the Senate, a man who had left me at home, would be one of the outstanding figures in the Senate of the United States and in our national life.

So I say to Senators that, in my judgment, there is no reason for any man who voted for Senator BLACK to have any regret about it from any standpoint; and I hope now,

with this statement, all differences will be forgotten. I hope we will close the book on the controversy which has developed around the confirmation of his nomination. Let us all give him a chance to act upon that great Court; and then if he does not give satisfaction, we will have the opportunity, with the privileges that this Hall gives to us in debate, to condemn him. But let us not do it now any further. Let us wait and let history unfold its unwritten record. I have complete faith, Senators, that his record of service will be one of great value to this country, and that it will not bring shame or discomfort or any great dissatisfaction to any Member of this body, regardless of his attitude on yesterday toward the confirmation of the nomination of HUGO L. BLACK.

Mr. McKELLAR. Mr. President, before I enter upon a discussion of Senate bill 2, for a moment I desire to have a word to say in addition to what the distinguished Senator from Alabama [Mr. BANKHEAD] has just said about our colleague the senior Senator from Alabama [Mr. BLACK], who has been made a Justice of the Supreme Court of the United States.

I was born in Alabama; I was educated there; I know a great many of its citizens; I have kept up with its history and its development ever since I lived there.

I desire to endorse everything good that has been said by the gentlemen, many of whom I know personally, who have telegraphed or written Senator BANKHEAD and Senator BLACK concerning the selection of the latter as Supreme Court Justice. Yesterday I wanted to say some words in behalf of the confirmation of Senator BLACK's nomination, but being intensely desirous that a vote should then be had, I did not do so.

I wish to say now that I have served in the Senate for a considerable number of years, and I believe I know the Members of this body fairly well. The Senate contains many distinguished lawyers; but, in my humble judgment, from my observation and experience with Senator BLACK during the last 10 or 11 years, he is the peer of any lawyer in this body. I have known him as an advocate in this body. He is the peer of any advocate in this body, and we have here some of the best advocates in the world.

Senator BLACK is an able man. He is an able debater. He is a student. He is a thinker. He is a philosopher. He is one of the most indefatigable workers I have ever known in all my life. In my judgment, no Member of this body has a better record all along the line, taking it by and large, than has this distinguished gentleman whom the President of the United States has singled out to become a Justice of the Supreme Court of the United States.

In my judgment, Senator BLACK will make a splendid Supreme Court Justice. He will make an able Justice. Over and above all, he will make an honest and an upright Justice. When I have said that, practically all that can be said about a man as a Justice has been said—an able, an honest, an upright judge. In my opinion, that is the kind of Justice Senator BLACK will make.

We have seen Senator BLACK at work in committees. We have dealt with him on the floor of the Senate. We know his ability. We know his integrity. We know his honesty. We know his fair dealing. It seems to me he ought not to have had any opposition here.

Though I had been elected to this body in 1916 I had not taken my seat in the Senate upon the occasion of the appointment by President Wilson of Mr. Louis D. Brandeis to be an Associate Justice of the Supreme Court. As I remember, some 13 charges were made against him—and made against him by the same interests which are now making charges against Senator BLACK. Charges of the bitterest kind were made against Mr. Brandeis. Hearings were held for months and months. Delay after delay occurred. The remotest things that were thought to affect his life were investigated. He was heralded by many of the great newspapers of the country as utterly unfit and unworthy to go on the Supreme Court. After that long fight made on him he was confirmed by the Senate. And what a great judge he has made! All now sing his praises.

I am happy to say today, after a somewhat intimate knowledge of the work of Mr. Justice Brandeis since he has been a member of that Court, that no member of that Court ever made a more intelligent and fair, a more just, a more honest, or a more able, a more upright record than has Mr. Justice Brandeis.

I hope and expect that Senator BLACK will follow in the footsteps of the illustrious Justice Brandeis and will not let the recently uttered words of opposition affect him in any way in the world, as I do not believe they will.

Mr. President, in my judgment, the President of the United States at this particular juncture in our history could not have made a wiser appointment than he did make in the selection of our former colleague, my friend and my associate here for many years, the distinguished Senator from Alabama, HUGO L. BLACK.

I take pleasure in saying this much at this time, because I did not have an opportunity to say it yesterday. I felt then that we ought to vote then rather than talk.

Mr. LA FOLLETTE. Mr. President, with the consent of the senior Senator from Arizona [Mr. ASHURST] and at the request of the senior Senator from Nebraska [Mr. NORRIS], I ask unanimous consent to have printed in the RECORD a telegram from the senior Senator from Nebraska, which was received last evening too late to be inserted in the RECORD, expressing his attitude toward the confirmation of the nomination of the Senator from Alabama to be Associate Justice of the Supreme Court.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WAUPACA, WIS., *August 17, 1937.*

Hon. HENRY F. ASHURST,
United States Senate, Washington, D. C.:

I regret my illness prevents me from actively participating in the work of the Senate at this time, but I hope through your courtesy to communicate my views upon the confirmation of Senator BLACK's nomination to become an Associate Justice of the Supreme Court. My long and personal acquaintance with him and my intimate association with him in our official work have given me a true insight into his character. I feel greatly grieved at the bitter, unreasonable, and sometimes malicious attacks which are being made upon him. His work in the Senate must convince everyone that he possesses a superior ability and undaunted courage which are seldom equaled or surpassed. His nomination to that great tribunal expresses the wish and hope of the struggling citizen asking only for justice for all alike. The scales of justice in his hands will bring renewed hope to millions of our common people throughout the country, and his nomination meets with the hearty approval of a vast majority of our people. He is a worthy representative of the common people. He understands their hopes and ambitions, and their liberties in his hands will be safe.

G. W. NORRIS,
United States Senator.

REGULATION OF AIR TRANSPORTATION

The PRESIDENT pro tempore. The question is on the motion of the Senator from Nevada [Mr. McCARRAN] that the Senate proceed to the consideration of Senate bill 2, having to do with the regulation of air transportation.

Mr. BORAH. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names.

Adams	Copeland	King	Radcliffe
Andrews	Davis	La Follette	Schwartz
Ashurst	Donahey	Lee	Schwellenbach
Austin	Ellender	Lewis	Sheppard
Bankhead	Frazier	Lodge	Shipstead
Barkley	George	Logan	Smathers
Berry	Gerry	Lonergan	Smith
Bone	Gillette	Lundeen	Steiwer
Borah	Glass	McAdoo	Thomas, Okla.
Bridges	Green	McGill	Thomas, Utah
Brown, Mich.	Guffey	McKellar	Townsend
Brown, N. H.	Hale	Minton	Truman
Bulkley	Harrison	Moore	Tydings
Burke	Hatch	Murray	Van Nuys
Byrd	Herring	Neely	Wagner
Byrnes	Hitchcock	Nye	Walsh
Capper	Holt	Overton	Wheeler
Caraway	Hughes	Pepper	White
Chavez	Johnson, Calif.	Pittman	
Connally	Johnson, Colo.	Pope	

The PRESIDENT pro tempore. Seventy-eight Senators having answered to their names, a quorum is present.

Mr. McKELLAR. Mr. President, the consideration of this matter was begun last Saturday; and the proponents of the measure took all that day, as I recall. They took up quite a portion of the day on Monday, and they have taken up all the time that has been consumed on the subject today—and then they jump on me for filibustering! I am not the man who has been filibustering. The proponents of the bill have been doing the filibustering.

They remind me somewhat of a distinguished Senator who was here a few years ago—one of the ablest and greatest men we have ever had here, by the way—who had a seat not far from where I am now standing. One day he made a speech of 4½ hours on some measure in which he was very much interested. After having spoken for 4½ hours, he turned around to me, who was sitting nearby, and said:

> You boys circulate around here and let's stop this debate Let's vote! Let's vote! Get around and see what can be done. Let's stop this talk. There isn't any use for further talk. Let's vote! Let's vote!

That is about the situation my friends are in today. They have taken up all the time of the Senate for nearly 3 days, and now they are accusing me of filibustering!

Mr. President, this is a very important measure. It destroys in part the Post Office Department and turns over its functions to the Interstate Commerce Commission. It takes away a large segment of the duties of the Commerce Department and turns them over to the Interstate Commerce Commission. It virtually draws a blank check on the Treasury Department, and we shall be paying the bills in tremendous sums for a long, long time.

I was almost thunderstruck a while ago when the Senator from Idaho [Mr. BORAH] asked why this bill repealed all the provisions of the Air Mail Acts of 1934 and 1935 governing aviation, and it was answered that those provisions had not been repealed but that they had been made stronger in the present bill. In order to see about that, I desire to read the provisions of the present law which govern the aviation companies, which prevent monopolies, which prevent interlocking directorates, which prevent interrelations of other companies that furnish materials; and then I desire to read the provisions of the pending bill, which does what? Which turns over to the Interstate Commerce Commission the power to say whether these companies shall be allowed to combine, or whether they shall have interlocking directorates, or whether there shall be only one company or more companies, leaving it entirely to their discretion as to what shall be done.

I am reminded of the opinions of the Supreme Court about the Sherman antitrust law. For quite a while the Supreme Court upheld that law. Then in a decision they held that there were good trusts and bad trusts. The good trusts they would uphold, but they reserved the right to determine which were good and which were bad ones; and that did away with the Sherman antitrust law for all time.

Mr. BORAH. Mr. President——

Mr. McKELLAR. I yield to the Senator from Idaho.

Mr. BORAH. When the Senator says the Supreme Court held that there were good trusts and bad trusts, I assume the Senator is putting his own interpretation on the action of the Court.

Mr. McKELLAR. Yes; that is what I am doing, but that is the fact nevertheless. The Senator knows there has been no "trust busting" ever since that time.

Mr. BORAH. No; but not because of the Supreme Court. It was because neither one of the political parties would carry out their pledges.

Mr. McKELLAR. I do not know what has happened; but since the Supreme Court rendered that decision about good trusts and bad trusts, practically nothing has been done in the way of enforcing the antitrust laws of this country.

Mr. BORAH. And nothing ever will be done so long as the trusts contribute to the campaign funds of both parties.

Mr. McKELLAR. Probably that is so.

Mr. WAGNER. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from New York?

Mr. McKELLAR. Yes; I yield.

Mr. WAGNER. I think I may remind the Senator from Idaho that during the discussion we had when the N. R. A. bill was up for consideration, the Senator from Idaho himself attributed some of the monopolies to the mergers which the Court permitted, which left very little competition in the field of some of the larger industries. So I do not think we can attribute it all to political inactivity. Some of it, in my judgment, was due to the Court's misconstruction of the antitrust law.

Mr. BORAH. Mr. President, will the Senator from New York tell me when there has been any determined effort upon the part of either party really to enforce the Sherman antitrust law?

Mr. WAGNER. I cannot answer that question.

Mr. McKELLAR. If the Senator will let me use a part of my time, I will answer the Senator; or I will yield to the Senator if he desires.

Mr. WAGNER. I am quite willing to say that there have not been the prosecutions there should have been of many of our monopolies; but there have also been cases in which there have been prosecutions in which the courts have upheld the mergers. One of them, I remember—I have forgotten the name of the case; the Senator probably can remind me of it—where Mr. Justice Brandeis wrote a very strong dissenting opinion, in which he pointed out that, due to a merger in the leather industry, I think, all but 5 percent of the markets of the country would be controlled by that particular merger; and yet the majority of the Court held that merger not in violation of the antitrust laws.

So, between the two, we have not enforced the antitrust laws. If we had, I think prices would have been lower than they are today.

Mr. McKELLAR. Mr. President, will the Senator allow me to answer his question?

Mr. BORAH. I shall be pleased to do so.

Mr. McKELLAR. A very long time ago I was a Member of the House of Representatives, and while I was a Member of that body I remember that we passed what was known as the Clayton antitrust law.

It was for the purpose of strengthening the Sherman antitrust law and putting teeth into it. That was the gist of the argument made in behalf of it. It passed the House and passed the Senate, and was brought before the Supreme Court, and the Supreme Court did not actually declare it unconstitutional, but they stripped it of everything that was in it that was of any value in governing the trusts of the country. The Senator recalls that.

Mr. BORAH. I know that is the Senator's view, or he would not state it; but I quite disagree with him.

Mr. McKELLAR. The Court decided a case in which they virtually stripped the Clayton antitrust law of all its teeth. The Senator will recall that.

Mr. BORAH. No; I do not recall it.

Mr. McKELLAR. I am sorry the Senator does not, because it is a fact.

Mr. BORAH. I wish the Senator would refer me the opinion to which he has reference.

Mr. McKELLAR. Of course, I do not have it with me now, but it is well known.

Mr. BORAH. Both the political parties go into a campaign and make solemn pledges to the American people that when they are put into power they will destroy the trusts.

Mr. McKELLAR. Yes.

Mr. BORAH. They do not say a word in the campaign about being unable to do so, about not having the power to do so. They say that they will rid the country of monopoly.

Mr. McKELLAR. Yes.

Mr. BORAH. And when the campaign is over they cease activities along that line.

Mr. McKELLAR. Mr. President——

Mr. BORAH. There are two bills pending before the committees of this body, one of which I have had the honor to

introduce, either of which, or both of which, if enacted, in my opinion would go far toward ending monopolies in the United States.

Mr. McKELLAR. Yes, Mr. President, and I think they ought to be ended, and I think the Senator is exactly right about the promises which have been made by both political parties and of the failure of both political parties to carry out those promises.

Let me call attention to the fact that in the very bill before us, instead of our regulating the trusts, instead of putting restrictions around the trusts, if the Senator will look at section 312 on page 101 he will find that the Interstate Commerce Commission is to be the benevolent institution which will regulate the trusts hereafter. I will say to the Senator from Missouri and the other Senators that that is why I brought emphasis to bear on the negotiations between the agents of the Interstate Commerce Commission and the lobbyists for the aviation companies, in order to show how benevolent that arrangement is going to be.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BARKLEY. In connection with the remarks of the Senator from Idaho, and also the remarks of the Senator from Tennessee, concerning the efforts of the Government to proceed against monopolies, I think it ought to be stated that within the last 2 or 3 years the Department of Justice has proceeded not only by civil action against so-called monopolies and organizations in restraint of trade but they have proceeded by indictment against men in numerous cases charged with criminal conspiracies in restraint of trade, and the Federal grand juries have indicted such men. Of course, what may happen to those civil actions is up to the courts and not up to any particular political party.

Mr. BORAH. Mr. President——

Mr. McKELLAR. I will yield in a moment. Those indictments have been brought, and I congratulate the office of the Attorney General on having gone even that far. But I say here publicly that I think it is the duty of the Attorney General to prosecute those cases with vigor to see that the antitrust laws are enforced. From time to time we have before the Committee on Appropriations requests for appropriations for the prosecution of trusts. I vote for all of them. I regret that they do not ask for more money so as to require these people who are violating the law in my judgment to obey the law. I do not believe in benevolent trusts. I do not believe in any organization within the Government being allowed to create trusts. Yet that is what is provided in the bill before us. Section 312, on page 101, would turn over the entire matter of regulating a trust, so far as aviation companies are concerned, to the Interstate Commerce Commission, and that ought not to be done.

I yield to the Senator from Idaho.

Mr. BORAH. I was going to say that I did not catch the remarks of the Senator from Kentucky; but I was not offering any criticism as to any specific instance of failure.

Mr. BARKLEY. I understand that.

Mr. BORAH. I do say, however, that there is no organized, determined policy in this country against monopolies. There never has been; and, in my opinion, until we do settle that question such bills as that the able Senator from New York has conducted through the Senate—the housing bill, and the wage and hour bill, and all these other bills which are designed to relieve the poor people of this country—will be largely fruitless in their results.

Take, for instance, the building of houses which must be erected for the poor people. To whom is tribute being paid every time anything is purchased with which to build a house or to go into a house? Tribute is being paid to those private corporations which fix prices in the United States—the monopolies of the United States.

Mr. McKELLAR. The Senator is exactly right.

Mr. BORAH. At this time there is in private interests the power to fix prices of practically everything that goes upon the backs and into the stomachs of the people of the United States; and until that is controlled we may relieve, we may mollify, but we will never cure the trouble which we now have.

Mr. McKELLAR. And we certainly cannot cure it by turning over the subject to the Interstate Commerce Commission.

Mr. BORAH. I agree with the Senator that I do not want any regulation of monopoly. I want it destroyed.

Mr. McKELLAR. I agree with the Senator again.

Mr. BORAH. The power to fix prices by private interests is an evil which should not be tolerated.

Mr. WAGNER. Mr. President, will the Senator from Tennessee yield?

Mr. McKELLAR. I yield.

Mr. WAGNER. I agree, of course, with everything the Senator from Idaho has said, and it is the one step in which we have failed thus far. As we improve conditions so as to give the worker a better wage, those who control the markets simply raise the prices of the commodities, and thus do not in any way lower their exorbitant profits. But I was going to ask the Senator whether or not he agrees or has agreed with a number of decisions which have been rendered by the courts where the Government did prosecute monopolies, either where the particular manufacturer was indulging in monopolistic practices or where there has been a merger of several different manufacturers into one entity. In many of these cases, though the Government has prosecuted, the courts have held, because they found in some distant place some combination, which was theoretical, not actual——

Mr. BORAH. I do not agree with all the decisions of the courts.

Mr. WAGNER. That has contributed somewhat to our failure to destroy monopoly.

Mr. BORAH. I do not agree with the decision of the court in the Standard Oil case, and in those cases where they distinguish as to the rule of reason. I do not agree with that principle. That was a matter, however, that was within the power of Congress to remedy by proper action and by proper legislation, and we have not done so.

I just contemplate for a moment this situation. Suppose the present administration with its tremendous power and its tremendous leadership in the White House, should announce a campaign for the extinguishment of monopoly in this country. It would, in my opinion, be the greatest crusade for human rights since the American Revolution. It would free the American people from the troubles which they now have as nothing else would or could; and the President with his support in Congress could end monopoly.

Mr. WAGNER. As I understand, the Attorney General is proceeding in the prosecution of some of these trusts which are in existence, which have not had the sanction of the courts.

Mr. BORAH. We ought to enact a law which would make it impossible for any corporation engaging in monopolistic practices to pass its goods through the channels of interstate trade until these corporations, properly censored, gave up such practices. We have the power to strip corporations engaged in interstate trade practices which are injurious to the public welfare. That would go far in solving the trust problem. We should enforce the laws we have and we should pass other legislation. It is a question which touches the interest and affects the welfare of every man, woman, and child in the United States.

Mr. McKELLAR. Mr. President, I am inclined to agree with the Senator; but while we are doing that, or while we are waiting to do that, for Heaven's sake let us not repeal laws we now have against monopoly concerning the great industry of aviation, and put it into the hands of a benevolent institution that will look at it as the aviation industry desires to have it looked at.

Let me show the difference between the law we are asked to repeal by the bill and the law as it would be provided in the bill. I read first from section 7 of the so-called Air Mail Act of 1934:

SEC. 7. (a) After December 31, 1934, it shall be unlawful for any person holding an air-mail contract to buy, acquire, hold, own, or control, directly or indirectly, any shares of stock or other interest in any other partnership, association, or corporation engaged, directly or indirectly, in any phase of the aviation industry, whether so engaged through air transportation of passengers, express, or mail, through the holding of an air-mail contract, or through the manufacture or sale of airplanes, airplane parts, or other materials or accessories generally used in air transportation, and regardless of whether such buying, acquisition, holding, ownership, or control is done directly, or is accomplished indirectly, through an agent, subsidiary, associate, affiliate, or by any other device whatsoever: *Provided*, That the prohibitions herein contained shall not extend to interests in landing fields, hangars, or other ground facilities necessarily incidental to the performance of the transportation service of such air-mail contractor, nor to shares of stock in corporations whose principal business is the maintenance or operation of such landing fields, hangars, or other ground facilities.

There is an inhibition. There is a prohibition.

Mr. AUSTIN. Mr. President, will the Senator yield for a question?

Mr. McKELLAR. Let me conclude my statement about these matters and then I will yield to the Senator.

I wish to read section 312 (a). It provides for consolidation, merger, and acquisition of control. Our bill makes suitable provision in terms that cannot be misconstrued. Four men passed on that provision. One of them was Senator BLACK, now Justice BLACK; another was President Roosevelt; another was the Senator from Kentucky [Mr. LOGAN]; and the fourth one was myself.

Listen to this:

SEC. 312 (a). It shall be lawful—

Not unlawful—

It shall be lawful, under the conditions specified below, but under no other conditions, for two or more air carriers to consolidate or merge their properties, or any part thereof, into one corporation for the ownership, management, or operation of the properties theretofore in separate ownership—

Could anything be plainer than that? Could any grant of authority be plainer than the authority to two corporations to merge?—

or for any such air carrier, or two or more such air carriers, jointly, to purchase, lease, or contract to operate the properties, or any part thereof, of another such air carrier; or for any such air carrier, or two or more such air carriers jointly, to acquire control of another such air carrier through purchase of its stock; or for a person which is not an air carrier or a carrier subject to this act to acquire control of two or more air carriers through ownership of their stock; or for any such person which has control of one or more air carriers to acquire control of another air carrier through ownership of its stock; or for any carrier or carriers subject to this act to consolidate or merge with, or acquire control of, any air carrier, or to purchase, lease, or contract to operate its properties, or any part thereof—

After providing that the air carriers or persons may do these things, this is the condition on which they may be done:

(1) Whenever a consolidation, merger, purchase, lease, operating contract, or acquisition or control is proposed under this section, the carrier or carriers or person seeking authority therefor shall present an application to the Commission—

Remember that Mr. Haley, who meets the aviation companies' lobbyists at night at their hotel——

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. McKELLAR. In just one moment. Let me finish the sentence.

Mr. AUSTIN. I ask the Senator not to get too far away from the subject he was discussing when I asked him to yield.

Mr. McKELLAR. I shall not. I will yield in a moment. I continue to read:

and thereupon the Commission shall notify the carriers involved in the proposed transaction, and the applicant or applicants, and other parties known to have a substantial interest in the proceeding, of the time and place for a public hearing.

They may have a private hearing before that, just such as was had in regard to the preparation of this bill. They first met at the Carlton Hotel and agreed upon the terms of this bill, but afterward they had a public hearing.

If after such hearing the Commission finds that the transaction proposed will be consistent with the public interest and that the conditions of this section have been or will be fulfilled, it may approve and authorize such consolidation, merger, purchase, lease, operating contract, or acquisition of control, upon such terms and conditions as it shall find to be just and reasonable and with such modifications as it may prescribe.

Mr. TRUMAN rose.

Mr. McKELLAR. Mr. President, that is the situation. On the one hand we have a prohibition against mergers and control, and on the other we have a provision that the Interstate Commerce Commission may grant permission for such mergers and control.

Mr. President, I promised to yield first to the Senator from Vermont, and I now yield to him.

Mr. AUSTIN. Mr. President, I should like to ask the Senator from Tennessee if he does not think it is more in the interest of the public that mergers should be made under the law, and by virtue of its regulations, than in violation of the law.

Mr. McKELLAR. I do not think they ought to be made at all; and when there is a violation of the law those who violate it ought to be prosecuted. If the Senator knows of a violation of the law, while I cannot say that it is his duty, he might take steps, if he knows the facts, to have the violators prosecuted. It is one thing to say on the floor of the Senate that a violation of the law has taken place, but it is another thing to furnish the facts to the proper prosecuting officer. If a violation has occurred, I think the facts ought to be furnished to the Attorney General. I am opposed to the violation of law by trusts or individuals. I do not believe in it.

Mr. AUSTIN. Does not the Senator know, after his thorough study of the record of hearings on this bill, that the Post Office Department considered applications for mergers in several important cases?

Mr. McKELLAR. No; I do not; and if they did, they ought to be prosecuted for it.

Mr. AUSTIN. And does not the Senator know that those mergers were actually made?

Mr. McKELLAR. No; I do not know that; but if they have done so, I will say to the Senator that if he will furnish me the facts, I will furnish them to the Attorney General, if the Senator has any qualms about bringing the facts to the attention of the Attorney General.

Mr. AUSTIN. Mr. President, I suggest that the Senator look at part I of the hearings on Senate bill 2, page 147, and he will find there a report of Mr. Crowley, the Solicitor of the Post Office Department, relating to the consolidation of Pennsylvania Air Lines, flying between Washington, Detroit, and Milwaukee. He will find that Mr. Crowley also stated in the record that General Motors controls North American Aviation, Inc. (Eastern Air Lines), holding air-mail contracts on route no. 5, from New York to Richmond; route no. 6, from New York to Miami, via Washington, Richmond, Charleston, and Jacksonville; route no. 10, from Chicago to Jacksonville, via Indianapolis, Nashville, and Atlanta; and route no. 20, from New Orleans to Houston.

Then, again, the Senator will find that North American Aviation, Inc., according to the testimony of Mr. Graddick before the House Appropriations Committee on the Post Office Department appropriation bill for 1938, at page 302—which has been made a part of the record of the hearings on Senate bill 2—has recently purchased Wedell-Williams Air Service Corporation as holder of an air-mail contract on route no. 20, from New Orleans to Houston.

Again, on the same page of the House hearings to which I have referred, Mr. Graddick stated that Braniff Airways, Inc., original contractor on route no. 9 from Chicago to Fort Worth, Tex., via Kansas City, Wichita, and Oklahoma City, had purchased route no. 15 from Long and Harmon. This route runs from Fort Worth to Brownsville, and from Fort Worth to Galveston.

Each one of these consolidations and each one of these purchases was made after a hearing held by the Solicitor

of the Post Office Department, according to the letter appearing at page 303 of the House hearings to which reference has been made.

Mr. McKELLAR. Mr. President, I desire to say to the Senator from Vermont that neither the Solicitor of the Post Office Department nor any other solicitor of any Department ever had any right to allow mergers under the present law; and that I regret that the Senator has not taken occasion to present this material to the department of Government whose duty it is to prosecute persons, whoever they may be, who may be guilty of violating this law. They ought to be prosecuted. I do not know what the facts are. We cannot bring them up here in a debate in the Senate and say what should be done or what should not be done; but if the Senator has facts which show a violation of this law, I think it is his duty to lay them before the Attorney General.

Mr. AUSTIN. Mr. President, I am informed—though not so credibly as in the case of other consolidations—of a contract between Hanford Air Lines with Northwest Airways; another case in which United bought part of Wyoming; another in which Braniff bought part of Wyoming; another in which Western Air and National Park consolidated, to be called Western Air.

Mr. McKELLAR. In the opinion of the Senator, are these transactions contrary to law?

Mr. AUSTIN. I am not sure that they are.

Mr. McKELLAR. Unless they are, what is the point of bringing them up?

Mr. AUSTIN. They appear to me to be that way.

Mr. McKELLAR. If they are that way, the Senator's forum is in the Department of Justice; it is not on the floor of the Senate, when he is trying to get a bill passed that will permit the very thing of which he now complains.

Mr. AUSTIN. That is a misconstruction on the part of the Senator.

Mr. McKELLAR. I sometimes misconstrue, but I do not do so intentionally, and I certainly would not do so in the case of the Senator from Vermont.

Mr. AUSTIN. Such facts as came to the attention of the Senator from Vermont were inquired into by the subcommittee, and I was under the impression that the Senator from Tennessee was present in person at the time of the examination of Mr. Crowley. That probably is not so——

Mr. McKELLAR. I do not recall it.

Mr. AUSTIN. Because the Senator does not remember these facts. But I think, as the Senator from Vermont has indicated, the purpose of preventing just that sort of thing is shown by the McCarran bill, Senate bill 2. Section 312 does not bear the interpretation the Senator from Tennessee puts upon it.

Mr. McKELLAR. I do not see how any other interpretation could be put upon it.

Mr. AUSTIN. There is a clear distinction in the circumstances under which consolidations may be made. They may not be made if they tend to create a monopoly, and we have just the type of supervisions provided for in that section that we ought to have with respect to other consolidations which have already been made and to which I have called attention.

Mr. McKELLAR. I will say to the Senator that, of course, I do not know what infractions of the law may have occurred. If there are any, I think it is the duty of the Senator to send the facts he has to the Attorney General's Office, and I think it is the duty of the Attorney General's Office to prosecute. I wish to say, however, that I disagree entirely with the Senator when he states that he does not believe that this bill will prevent monopoly.

Paragraph (b) of section 7 of the existing law provides:

(b) After December 31, 1934, it shall be unlawful (1) for any partnership, association, or corporation, the principal business of which, in purpose or in fact, is the holding of stock in other corporations, or (2) for any partnership, association, or corporation engaged directly or indirectly in any phase of the aviation industry, as specified in subsection (a) of this section, to buy, acquire, hold, own, or control, directly or indirectly, either as specified in such subsection (a) or otherwise, any shares of stock or other interests in any other partnership, association, or corporation which holds an air-mail contract.

Mr. President, the pending bill, if enacted into law, will repeal that provision and simply submit the matter to the Interstate Commerce Commission, and they may allow all the benevolent holding companies they desire. In other words, the bill provides for the establishment of holding companies. It provides that the Interstate Commerce Commission may allow holding companies to take control of any aviation or all aviation, if it sees fit so to do. That is why it seems to me that not long after we have had in this body one of the greatest contests that were ever fought here about holding companies we should not pass a bill which will permit them. We went through that fight. It was very close. Men lost their seats in the Senate on the question whether they voted for or voted against holding companies. I was one of those who voted against holding companies and, looking around this body today, I see more Senators than I can count in a moment who voted against holding companies. Yet, if they vote for Senate bill 2 they vote for holding companies; they vote to turn the matter over to the Interstate Commerce Commission and to make that Commission the agent of the Congress, to make it the agent of the President in establishing holding companies in the field of aviation. I was opposed to holding companies in aviation in 1934 and in 1935, and I am opposed to them now. I was opposed to trusts then; I am opposed to them now. That is why I am opposed to this bill.

There is another provision of existing law which this bill proposes to repeal. Is any Senator on this floor so simple-minded as to believe that those men who met with Mr. Haley in room 212 and whose names I gave a few days ago—it is not necessary to repeat them, every one of them lobbyists for the air-mail companies—did not know what they were doing when they wanted the existing act repealed? Are we so simple-minded as to believe that at that very moment when they were dealing with Mr. Haley they did not know just what they wanted? And just what they wanted is in Senate bill 2.

Here is another provision they wanted repealed:

(c) No person shall be qualified to enter upon the performance of an air-mail contract, or thereafter to hold an air-mail contract, if at or after the time specified for the commencement of mail transportation under such contract, such person is (or, if a partnership, association, or corporation, has and retains a member, officer, or director that is) a member, officer, director, or stockholder in any other partnership, association, or corporation, whose principal business, in purpose or in fact, is the holding of stock in other corporations, or which is engaged in any phase of the aviation industry, as specified in subsection (a) of this section.

Do you think, Senators, that the lobbyists for the aviation companies, who have been trying to get this law repealed ever since it was enacted, did not know exactly what they were doing when they put a provision in the pending bill repealing these sections of the law and substituting in their place provisions which would permit the Director of Aviation, when he thought a trust was all right, when he thought a combine was all right, to allow its creation? Incidentally, that man is going to get $10,000 a year if this bill passes. Do you think they did not know that if it was transferred to him to say whether or not a trust was good or a holding company was good or a merger was proper, what the result would be? Do you think they did not know what they were doing when they were seeking the repeal of the existing law?

I say I do not believe any Senator will stand on the floor and say that he thinks under those circumstances we ought to repeal these acts against trusts, against combinations, against holding companies, and instead allow a director under the Interstate Commerce Commission, who will have charge of this matter, to say whether a trust is benevolent or not, or good or not, whether a holding company is all right and proper and for the best interests of the country. They will do just what they have been doing ever since we unfortunately put the rate-making authority in the hands

of the Interstate Commerce Commission. What have they done? They have raised rates every time they had a chance. They have raised them to the highest limits permissible under the law. They are serving the aviation companies. They are not serving the American public or the American Government.

Now I desire to read further.

Mr. McADOO. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from California?

Mr. McKELLAR. I yield.

Mr. McADOO. With respect to the Director of Aviation, I ask the Senator if the power of the director is as broad as he has indicated in his comments on that section of the law?

Mr. McKELLAR. No; but when the employee of the Commission who is at the head of this division says he never looked at a rate in his life and knows nothing about rates, that he is dependent upon this Director for advice about it, I think it is very important.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BARKLEY. It is obvious to all of us that the pending motion cannot be disposed of this afternoon; I am not certain that it can be disposed of during the present session of Congress. The Senator from Tennessee has made a very valiant and intelligent fight against taking up the motion. The Senator from Missouri [Mr. TRUMAN] as the representative of the Senator from Nevada [Mr. McCARRAN], who is ill in the hospital, has felt it his duty to press the motion today. However, the tax bill is now ready to be taken up. I wonder, in view of the situation, whether the Senator from Missouri would be willing to withdraw the motion made by the Senator from Nevada——

Mr. McKELLAR. One moment, Mr. President. I have been charged with filibustering.

Mr. BARKLEY. I have not charged the Senator with filibustering.

Mr. McKELLAR. I know, but others have. The filibustering has been done by the proponents of the bill. I have not had an opportunity to let the Senate know until this afternoon, what is really in the bill. I am discussing what is in it. I am discussing those sections of the present law which would be repealed if the bill should be passed. I think I ought to have an opportunity to discuss it fully. Here we have been going along all afternoon. The Senator from Mississippi [Mr. HARRISON] could have brought the tax bill in at any time he wished, but the moment I begin to tell the Senate about the air-transportation bill, about the benevolent methods of the Interstate Commerce Commission in allowing good holding companies and good monopolies and good consolidations, then the tax bill comes in, and I am asked to withdraw.

I am not blaming the Senator from Kentucky, but I want to finish discussing the proposals and the provisions of law which it is desired to repeal. I think Senators ought to know about them.

Mr. BARKLEY. If there is no possibility of voting on the motion to proceed to the consideration of the bill at this session, the same ground will have to be gone over again in the next session; so I am wondering if we cannot suspend discussion of the bill at this session, if it would not be well to postpone further discussion of it until the next session, in order that the Senator may be saved the trouble of going over the same ground again at that time.

Mr. McKELLAR. If the Senator will give me that assurance, that the bill will not be taken up at this session——

Mr. TRUMAN. Mr. President, I cannot give that assurance.

Mr. BARKLEY. Does the Senator from Tennessee decline to yield in order that the Senator from Missouri may withdraw his motion?

Mr. TRUMAN. I cannot withdraw the motion. The motion is the motion of the Senator from Nevada [Mr. McCARRAN]. I am perfectly willing to ask unanimous consent that the motion may be laid aside temporarily to consider the tax bill, so that the Senator from Tennessee may have an opportunity tomorrow to conclude his remarks.

Mr. BARKLEY. I wish to give notice that unless some other method to dispose of the motion discloses itself very shortly, I shall move an adjournment, which would displace the motion.

The VICE PRESIDENT. Is there objection to the withdrawal of the motion?

Mr. McKELLAR. I have not yet yielded the floor.

Mr. AUSTIN and other Senators rose.

The VICE PRESIDENT. The Senator from Tennessee has the floor. Does he yield, and, if so, to whom?

Mr. McKELLAR. Does the Senator from Vermont want me to yield? I do not want to lose the floor.

The VICE PRESIDENT. The Senator from Tennessee has the floor, and no power on earth can take him off the floor. [Laughter.]

Mr. McKELLAR. I thank the Vice President.

Now, I want to read another provision of the present law which it is proposed to repeal:

(d) No person shall be qualified to enter upon the performance of, or thereafter to hold an air-mail contract, (1) if at or after the time specified for the commencement of mail transportation under such contract, such person is (or, if a partnership, association, or corporation, has a member, officer, or director, or an employee performing general managerial duties, that is) an individual who has theretofore entered into any unlawful combination to prevent the making of any bids for carrying the mails.

Why was that provision inserted in the law? It was because before any contracts were let, before any bids were advertised for, a former Postmaster General called all the interested parties to the Post Office Department. He did not go to a hotel about it. So far as the record shows, at any rate, he did not go to a hotel; but he called them to his office in the Post Office Department and told which to bid on which contract. He divided the contracts up.

This provision was incorporated in the law to stop that kind of business on the part of any Postmaster General, and it ought not to be repealed; yet it is proposed to repeal it and turn over to the Interstate Commerce Commission the determination of what the bids shall be.

Now, let me read further:

Provided, That whenever required by the Postmaster General, the bidder shall submit an affidavit executed by the bidder, or by such of its officers, directors, or general managerial employees as the Postmaster General may designate, sworn to before an officer authorized and empowered to administer oaths, stating in such affidavit that the affiant has not entered nor proposed to enter into any combination to prevent the making of any bid for carrying the mails, nor made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person to bid or not to bid for any mail contract.

Why repeal that provision? It provides that honesty and fairness shall prevail in the making of contracts for these valuable mail privileges. Why should we repeal that provision of the law?

The Senator from Vermont [Mr. AUSTIN] took exception to the next provision and I want to call attention to it:

Or (2) if it pays any officer, director, or regular employee compensation in any form, whether as salary, bonus, commission, or otherwise, at a rate exceeding $17,500 per year for full time.

The Senator said that is an intolerant provision. Let us see about it. It was inserted at the suggestion of the senior Senator from Alabama [Mr. BLACK]. That was one of his pet provisions, and it was put in the law at that time at his request. Why was it inserted in the law? We had been granting enormous sums of the people's money to various concerns; and it was not only reported but shown before the committee that out of these subsidies which we gave, out of the subsidies which the people had to pay, one man was being paid a salary of $75,000 a year for conducting one business.

Mr. AUSTIN. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. AUSTIN. I think the Senator ought to yield after referring to the Senator from Vermont in his remarks as he did. I questioned the Senator from Tennessee respecting the

source of the salary of that gentleman because, as I recall the evidence, he was engaged as an officer for a manufacturing company as well as for the company which transported mail. I hardly think the Senator from Tennessee is justified in saying that his salary came out of the people's money obtained by taxation and handed to him as a subsidy.

Mr. McKELLAR. At that time, when that provision of the law was enacted, we paid the aviation companies $21,000,000 largely in the way of subsidies for carrying mail. The only money they received out of other transportation was about $5,000,000.

The Government was paying about four-fifths of it; and out of these enormous subsidies that we were paying some of the officials were paid as high as $25,000, some as high as $40,000, and, as I recall, one of them was paid $75,000 a year. Those were the facts.

This provision stopped giving that money as subsidy, not to the companies themselves to build them up but to the officials of the companies. We found that not only were they officials of the air-mail companies but at the same time they were also officials of various other companies. Some of them were bankers and were made officials to look after the banking interests. Some of them were connected with the General Motors Corporation and were made officials to look after the interests of General Motors in supplying materials to these companies. Various other materialmen were drawing great salaries, and for that reason that provision was inserted in the act.

The provisions which were put in the law which now exists were for the purpose of deterring these men from violating the laws and taking the Government's money without let or hindrance. Not only did we give these concerns $21,000,000 of subsidy in 1932, as I remember the year, but we appropriated about $15,000,000 to give them lighted ways and airplane landing fields and safety devices, in all somewhere between thirty-five and forty million dollars; and then, when the existing law was passed, we got honesty. We got fair dealing.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BARKLEY. I ask unanimous consent that the pending motion be withdrawn?

The VICE PRESIDENT. Is there objection?

Mr. AUSTIN. Mr. President, reserving the right to object, I wish to ask the Senator from Kentucky if he is willing to agree that, if this motion is withdrawn by unanimous consent, the pending bill may be taken up again before the present session of Congress adjourns.

Mr. BARKLEY. Mr. President, in that connection I will say that the Senator from Vermont realizes that we are approaching the end of the session. The Senator from Nevada [Mr. McCARRAN] made the motion, and it was discussed for 2 or 3 days. The Senator from Tennessee [Mr. McKELLAR] opposed it. In the meantime the Senator from Nevada was taken ill and is now in the hospital; and the Senator from Missouri [Mr. TRUMAN] in good faith has been attempting to represent the Senator from Nevada in the matter. The Senator from Nevada stated to me, at the time the motion was made and since, that he did not desire to have it interfere with necessary legislation which must be passed before adjournment.

In view of the short time remaining of the present session, as we hope—the next 2 or 3 days—and the important emergency legislation which will be coming over from the House and conference reports and other matters that will be pending, I should not feel that it was quite fair to other proposed legislation to agree that this motion may be automatically reinstated and that the Senate may proceed upon it for the rest of the session just as it has proceeded for the past few days.

I will say to the Senator that if this motion is withdrawn, of course at any time, if he is recognized, the maker of the original motion or any other Senator will have the same right to make a similar motion that the Senator from Nevada had when he made the original motion, and that right will exist not only at this session but at the next or any other session of Congress.

Under all the circumstances, I do not believe I ought to be required to agree that this motion may be reentered during the next 2 or 3 days, which we hope will be the termination of this session.

Mr. McKELLAR. Mr. President, if any such agreement as that were proposed, not only should I object to it, but I should not yield to the Senator from Kentucky to make it.

Mr. BARKLEY. I have not asked the Senator to yield to me to do that. I desire to have the motion withdrawn unconditionally.

Mr. TRUMAN. Mr. President, reserving the right to object, may I ask the Senator from Tennessee a question?

Mr. McKELLAR. Certainly.

Mr. TRUMAN. If the request to withdraw this motion should be objected to, would the Senator from Tennessee agree to a vote on the matter within the next 24 hours, say at 2 o'clock tomorrow?

Mr. McKELLAR. No; I would not.

Mr. TRUMAN. Would the Senator agree to a vote on it at any specified time?

Mr. McKELLAR. No.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky?

Mr. AUSTIN. Mr. President, reserving the right to object, I desire to ask another question. I ask the Senator from Kentucky if he will look favorably upon an early consideration of this bill in the next session of Congress if we consent to his request.

Mr. BARKLEY. I will say to the Senator from Vermont that I am on the Committee on Interstate Commerce, which reported the bill to the Senate. I have been asked, not publicly but privately, whether it would be agreeable to set down this bill as a special order at the next session. My reply has been in the negative, because agricultural legislation has already been set down for special consideration at the next session, and, following that, the antilynching bill; and I think that is going far enough in the way of trying to tie up the next session of Congress as to what it will consider.

I will say to the Senator from Vermont that in the next session any Senator—not only the author of the bill, but the Senator from Missouri [Mr. TRUMAN], who reported it, or any other Senator—will have the same right to make a motion similar to the one now pending as the Senator from Nevada had to make the motion at this session; and I think I ought to say that, so far as I am personally concerned, I shall throw no straw in the way of making such a motion unless it should interfere with emergency matters or business that ought to be taken up at the time. The next session will be long—much longer than the rest of this one, I hope—and I think that is all I ought to be asked to say.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kentucky? The Chair hears none, and the motion is withdrawn.

Mr. McKELLAR. Mr. President, I yield the floor.

PREVENTION OF TAX EVASION AND AVOIDANCE

Mr. HARRISON. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House bill 8234, Calendar No. 1293.

The VICE PRESIDENT. The clerk will state the title of the bill.

The LEGISLATIVE CLERK. A bill (H. R. 8234) to provide revenue, equalize taxation, prevent tax evasion and avoidance, and for other purposes.

The VICE PRESIDENT. Is there objection to the request of the Senator from Mississippi?

There being no objection, the Senate proceeded to consider the bill (H. R. 8234), which had been reported from the Committee on Finance with amendments.

The VICE PRESIDENT. The amendments of the committee will be stated.

The first amendment of the Committee on Finance was, in section 353, on page 3, line 17, after the word "royalties",

to insert "(other than mineral, oil, or gas royalties)", so as to read:

For the purposes of this title the term "personal holding company income" means the portion of the gross income which consists of:

(a) Dividends, interest, royalties (other than mineral, oil, or gas royalties), annuities, etc.

The amendment was agreed to.

The next amendment was, in section 353, on page 5, after line 14, to insert:

(h) Mineral, oil, or gas royalties, unless (1) constituting 50 percent or more of the gross income, and (2) the deductions allowable under section 23 (a) (relating to expenses) other than compensation for personal services rendered by shareholders, constitute 15 percent or more of the gross income.

Mr. HARRISON. Mr. President, I desire to offer an amendment to the committee amendment. In line 15, after "(h)", I move to insert a subhead as follows:

Mineral oil or gas royalties.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Mississippi to the amendment of the committee.

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The next amendment was, in section 355, on page 9, after line 8, to strike out "(b) Amounts used or set aside to retire indebtedness incurred prior to January 1, 1934, if such amounts are reasonable with reference to the size and terms of such indebtedness" and insert "(b) Amounts used or irrevocably set aside to pay or to retire indebtedness of any kind incurred prior to January 1, 1934, if such amounts are reasonable with reference to the size and terms of such indebtedness", so as to make the section read:

SEC. 355. UNDISTRIBUTED ADJUSTED NET INCOME

For the purposes of this title the term "undistributed adjusted net income" means the adjusted net income (as defined in sec. 356) minus—

(a) The amount of the dividends paid credit provided in section 27, computed without the benefit of subsection (b) thereof (relating to the dividend carry-over); and

(b) Amounts used or irrevocably set aside to pay or to retire indebtedness of any kind incurred prior to January 1, 1934, if such amounts are reasonable with reference to the size and terms of such indebtedness.

The amendment was agreed to.

Mr. BORAH. Mr. President, I desire to ask the Senator from Mississippi a question.

Mr. HARRISON. Very well.

Mr. BORAH. Is there any provision in this bill relative to the subject of community property?

Mr. HARRISON. None at all. The committee has not yet taken up that question.

Mr. BORAH. Or the subjection of the depletion of mines?

Mr. HARRISON. Not a thing. I will say to the Senator from Idaho that the only subjects taken up in the bill are the following:

Domestic personal holding companies, as to which we have increased the rates and made some other changes to try to stop some of the loopholes that were revealed before the joint committee which showed tax evasion.

Incorporated yachts and country estates: We think we have closed that loophole.

Incorporated talent.

Artificial deductions for losses from sales or exchanges of property.

Multiple trusts.

Foreign personal holding companies.

Nonresident aliens.

Those are the only subjects taken up in the bill.

The VICE PRESIDENT. The question is on the engrossment of the amendments and the third reading of the bill.

Mr. PEPPER. Mr. President, will the Senator from Mississippi yield for a question?

Mr. HARRISON. I yield.

Mr. PEPPER. Is there involved in this bill any change in the existing law in the way of a limitation upon what persons who come into this country from some outside territory may bring in?

Mr. HARRISON. There is nothing in the bill on that subject.

Mr. PEPPER. That is not involved in the pending bill?

Mr. HARRISON. No. The matter of customs is dealt with in another bill.

Mr. SCHWELLENBACH obtained the floor.

Mr. HARRISON. Mr. President, will the Senator permit me to offer another amendment which has been agreed on?

Mr. SCHWELLENBACH. Certainly.

Mr. HARRISON. I offer the amendment, which I send to the desk.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 42, it is proposed to strike out lines 9 to 16, inclusive, as follows:

(a) Credits of estate or trust: For the purpose of the normal tax and the surtax an estate, but not a trust, shall be allowed the same personal exemption as is allowed to a single person under section 25 (b) (1). If no part of the income of the estate or trust is included in computing the net income of any legatee, heir, or beneficiary, then the estate or trust shall be allowed the same credits against net income for interest as are allowed by section 25 (a).

And to insert in lieu thereof the following:

(a) Credits of estate or trust—

(1) For the purpose of the normal tax and the surtax, an estate or trust shall be allowed the same personal exemption as is allowed to a single person under section 25 (b) (1), except that no exemption shall be allowed a trust if the trust instrument requires or permits the accumulation of any portion of the income of the trust and there is not distributed an amount equal to the net income. For the purposes of this paragraph the term "net income" does not include amounts included in gross income which, under the law of the jurisdiction under which the trust is administered, cannot (even if permitted or required by the trust instrument to be considered as income) be considered as income and are not distributable.

(2) If no part of the income of the estate or trust is included in computing the net income of any legatee, heir, or beneficiary, then the estate or trust shall be allowed the same credits against net income for interest as are allowed by section 25 (a).

Mr. BARKLEY. Mr. President, is this the amendment which has been worked out by the experts of the Treasury with certain gentlemen who are interested in sections 401 and 402, and is this the amendment that was designed to take care of that situation?

Mr. HARRISON. Mr. President, this is the amendment agreed on in the conference on this matter, and the purpose is to eliminate a great many reports and useless expense.

Mr. LA FOLLETTE. What is the effect of the amendment?

Mr. HARRISON. Mr. President, section 401 of the House bill takes away the personal exemption of $1,000 from all trusts. It has been called to the attention of the committee that certain receipts which are "income" for Federal income-tax purposes are considered as accretions to principal under State law. The local law in such cases may prevent distribution by the fiduciary of such amounts, even though the trust instrument requires full distribution of the trust "income", and may compel the fiduciary to add them to corpus.

Under the committee amendment, the personal exemption of $1,000 is withdrawn from any trust if the trust instrument requires or permits the accumulation of any portion of the trust income and there is not distributed an amount equal to the net income; but the term "net income", for the purposes of the paragraph, does not include amounts included in gross income, which, under the law of the jurisdiction under which the trust is administered, cannot, even if permitted or required by the trust instrument to be considered as income, be considered as income, and are not distributable.

The amendment will operate to relieve fiduciaries of trusts of paying tax with respect to amounts of this character not

in excess of $1,000 for the taxable year, without opening any loophole for avoidance of taxes through setting up trusts to accumulate, and is in the interest of administrative economy and simplicity.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HARRISON. Mr. President, I send another amendment to the desk and ask to have it acted on.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 43, it is proposed to strike out lines 13 and 25, and lines 1 and 2 on page 44, as follows:

(4) Every estate the net income of which for the taxable year is $1,000 or over;

(5) Every estate or trust the gross income of which for the taxable year is $5,000 or over, regardless of the amount of the net income;

(6) Every estate or trust of which any beneficiary is a nonresident alien; and

(7) Regardless of the amount of the gross or net income of the trust:

(A) Every trust having a net income; and

(B) Every trust, though having no net income, which would have a net income if distributions had not been made which under the terms of the trust instrument were in the discretion of the trustee or conditioned upon a contingency.

And to insert in lieu thereof the following:

(4) (A) Every estate, and every trust entitled to the personal exemption allowed by section 163 (a) (1), the net income of which for the taxable year is $1,000 or over.

(B) Every trust, not entitled to a personal exemption under section 163 (a) (1), which has a net income for the taxable year.

(5) Every estate or trust the gross income of which for the taxable year is $5,000 or over, regardless of the amount of the net income;

(6) Every estate or trust of which any beneficiary is a nonresident alien; and

(7) Regardless of the amount of the gross or net income, every trust, though having no net income, which would have a net income if distributions had not been made which under the terms of the trust instrument were in the discretion of the trustee or conditioned upon a contingency; but subject to such conditions, limitations, and exceptions and under such regulations as may be prescribed by the Commissioner, with the approval of the Secretary, a fiduciary required by this paragraph to file a return may be exempted from the requirement of filing such return.

Mr. LA FOLLETTE. Mr. President, I ask for an explanation of the amendment. I may add that these amendments were drawn after the committee had instructed the experts to confer, but I think the members of the committee and the Senate ought to have an explanation of them before they are acted on.

Mr. HARRISON. Mr. President, I think the Senator is correct.

The amendment to paragraph (4) of subsection (a) is made necessary by the amendment to section 163 (a) and relieves trusts entitled to the personal exemption allowed by section 163 (a) (1), and not having a net income for the taxable year of $1,000 or more, from filing returns.

The amendment made to paragraph (7) of subsection (a) of this section merely empowers the Commissioner, with the approval of the Secretary, to exempt fiduciaries from the requirement of filing returns otherwise required by such paragraph, subject to such conditions, limitations, and exceptions as he may prescribe. This amendment will enable the Treasury Department to dispense with such returns in cases where they are unnecessary to protect the revenue and so avoid unnecessary inconvenience and expense to fiduciaries. The other amendments make necessary the elimination of paragraph (7) (A) of this subsection.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HARRISON. Mr. President, was the amendment on page 9, line 13, agreed to?

The VICE PRESIDENT. That amendment was agreed to.

Mr. SCHWELLENBACH. Mr. President, I do not feel that this body, out of fairness to itself, can permit the passage of this important piece of legislation without some consideration. I think the Members of the Senate know that I usually try to be reasonable; I do not like to inject objections. I appreciate the fact that the Committee on Finance has been making a study of this matter, and I appreciate that it is a technical subject; but there is not a Senator who does not realize that from the minute the bill was brought up there has been complete confusion. The chairman of the committee has not known whether or not certain amendments were adopted. The Presiding Officer has not known. We have not had any explanation of the bill. The bill and the report were laid on our desks today for the first time.

I realize that it is late in the session, and it is necessary to put legislation through rapidly; but, so far as I am concerned, I cannot permit an important piece of legislation such as this to go through in 15 or 20 minutes of confused consideration without any general explanation of the bill.

It is my belief that the bill should go over until tomorrow. I will say frankly that I do not know of any objection I may have to it, but I do not think this body, in fairness to itself, can permit this piece of proposed legislation to go through with this sort of consideration.

Personally, I should like to have an opportunity to take the bill home tonight and study it and to read the report and the hearings. Probably there is not one chance in a hundred that I will have any objection to the bill tomorrow, but I feel we should handle this measure in the way I suggest; and I say frankly that unless there is a willingness upon the part of those in charge of the bill either to go into a complete explanation tonight, or to permit it to go over to be voted on the first thing tomorrow, while I do not like to make a statement of this kind I feel it will be necessary for me to talk for a considerable length of time upon other subjects. I do not desire to be an obstructionist, but I feel that the Senate cannot afford to put this bill through tonight.

Mr. HARRISON. Mr. President, I think the request of the Senator is quite a reasonable one, and I shall be glad at this time to try to answer any questions he may ask as to any paragraph.

Mr. SCHWELLENBACH. The trouble is that we are not sufficiently familiar with the bill to be in a position to ask questions with regard to its provisions.

Mr. HARRISON. If the Senator prefers to have the bill go over until tomorrow, I shall raise no objection to that. I may say that some of the Senators who are in charge of the bill are trying to settle some kinks in the sugar controversy, and I was anxious to get this bill through as quickly as possible.

Mr. SCHWELLENBACH. I fully appreciate that, and I was casting no reflection on either the committee or the chairman of the committee; but I do not think the bill should be put through so rapidly.

Mr. HARRISON. Mr. President, I inquire if all the amendments have been agreed to.

The VICE PRESIDENT. All the amendments have been agreed to. The question now is on the engrossment of the amendments and the third reading of the bill.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SCHWELLENBACH. I yield.

Mr. CONNALLY. I thought the bill was about to be passed. I wanted to discuss some features of it.

The VICE PRESIDENT. The Chair will say to the Senator from Washington that there is one remedy that he has if he desires to avail himself of it. If the Senate should pass the bill this afternoon the Senator from Washington would have a right tomorrow to move to reconsider, or to bring to the attention of the Senate any part of the bill that might be objectionable to him.

Mr. SCHWELLENBACH. I fully appreciate that fact, Mr. President. My objection is not to the bill or to any part of it. My objection is to putting through, in 15 or 20 minutes, an important piece of legislation in such confusion that no one knows what is going on. I am perfectly willing

to yield the floor if an agreement may be had that we shall vote upon the bill the first thing tomorrow. Probably I shall not object to it then, and I shall not do anything to obstruct action upon it.

Mr. CONNALLY. Mr. President, will the Senator yield?

Mr. SCHWELLENBACH. I yield to the Senator from Texas.

Mr. CONNALLY. Let me say to the Senator that this is a very technical measure, drawn by the Treasury to fill up tax loopholes. Frankly, I do not think the Senator will know any more about the bill tomorrow than he does today; and I will say to the Senator that I shall not know any more about it then than I now know.

Mr. SCHWELLENBACH. I am perfectly willing to agree with the Senator that I may not know any more about the bill tomorrow than I do today; but I feel it my duty to myself to try to make some little effort to find out what the bill is about.

Mr. HARRISON. Mr. President, it seems unlikely that anything else will be done about the bill by the Senate this afternoon. Suppose I invite the attention of Senators who wish to stay and listen to me. Some may wish to leave and go home—I know that many of them do—but I shall undertake to make an explanation of the bill, so that the explanation may be read in the CONGRESSIONAL RECORD tomorrow, and we may have a vote tomorrow, unless objection shall be raised.

The VICE PRESIDENT. Does the Senator from Washington yield the floor?

Mr. SCHWELLENBACH. My understanding is that we will vote upon the bill the first thing tomorrow.

Mr. HARRISON. Yes. If the Senator desires an explanation, I shall not mind making it now, so that it will appear in the RECORD tomorrow.

Mr. SCHWELLENBACH. I do not ask for an explanation. I ask for an opportunity to read the report and the bill tonight, so that I may vote more intelligently upon it tomorrow.

Mr. HARRISON. Does the Senator suggest any particular time for taking the vote?

Mr. SCHWELLENBACH. No particular time.

Mr. HARRISON. Very well.

Mr. SCHWELLENBACH. With that assurance, I yield the floor.

ORDER FOR CONSIDERATION OF CALENDAR TOMORROW

Mr. BARKLEY. Mr. President, I have no doubt that the bill will be voted upon at an early moment after the Senate meets tomorrow. It is contemplated that we shall take a recess for that purpose. Therefore, I ask unanimous consent that tomorrow at the conclusion of the consideration of the pending bill, subject to any conference reports that may be ready for disposition, the calendar be called for the consideration of unobjected bills.

The VICE PRESIDENT. Is there objection to the unanimous-consent request made by the Senator from Kentucky?

Mr. PEPPER. Mr. President, I am sorry, but I did not hear the full statement of the Senator from Kentucky. Will the Senator restate it?

Mr. BARKLEY. I stated that it is obvious that the tax-loophole bill will be disposed of soon after we meet tomorrow. I ask unanimous consent that, subject to conference reports which may be ready for consideration, the calendar be called for the consideration of unobjected bills immediately after the pending bill shall have been disposed of tomorrow.

Mr. PEPPER. Mr. President, may I make a further inquiry? Will the Senator indicate what conference report or reports he has in mind?

Mr. BARKLEY. If the conference report on the sugar bill shall be ready, that will be taken up. It is desired that the Senate have something to do while waiting for such conference reports as may come in. Numerous bills are now in conference. I do not want them to be shunted aside simply because of the call of the calendar. If a conference report is ready to be taken up in the middle of the call of the calendar, I wish to have it taken up when it is ready.

The VICE PRESIDENT. Is there objection to the unanimous-consent request of the Senator from Kentucky?

Mr. PEPPER. I object.

The VICE PRESIDENT. Objection is heard.

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BARKLEY. Is not a conference report a privileged matter even during the call of the calendar?

The VICE PRESIDENT. A conference report is a privileged matter, and may be taken up by the Senate at any time.

Mr. BARKLEY. So it is not necessary for me to ask unanimous consent that a conference report be taken up during the call of the calendar?

The VICE PRESIDENT. It is not necessary that unanimous consent be obtained in order to have a conference report come before the Senate.

Mr. BARKLEY. Regardless of conference reports, I ask unanimous consent that at the conclusion of the consideration of the pending bill the calendar be called for the consideration of unobjected bills.

The VICE PRESIDENT. Is there objection?

Mr. PEPPER. Mr. President, I wish to say by way of explanation that I did not understand that the objection I made included the consideration of bills on the calendar. The objection I made was with regard to the consideration of conference reports. Since such an objection does not seem to have any force, I withdraw my objection.

The VICE PRESIDENT. Is there objection to the unanimous-consent request of the Senator from Kentucky? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. BARKLEY. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

Mr. GLASS, from the Committee on Appropriations, reported favorably the nomination of Meyer L. Casman, of Pennsylvania, to be regional attorney, region III, Philadelphia, Pa., in the Social Security Board.

Mr. VAN NUYS, from the Committee on the Judiciary, reported favorably the nomination of Victor E. Anderson, of Minnesota, to be United States attorney for the district of Minnesota, vice George F. Sullivan.

Mr. WALSH, from the Committee on Naval Affairs, reported favorably the nominations of several officers and citizens for appointment in the Marine Corps.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

He also, from the same committee, reported adversely the nomination of Howard K. Wells to be postmaster at Colfax, La., in place of V. N. McNeely.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

OWEN J. C. NOREM

Mr. PITTMAN. From the Committee on Foreign Relations, I report favorably the nomination of Owen J. C. Norem, of Montana, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Lithuania, and call it to the attention of the Senator from Montana [Mr. MURRAY].

Mr. MURRAY. Mr. President, I ask unanimous consent that the nomination be considered and confirmed at this time.

Mr. WHEELER. I object.

Mr. MURRAY. Mr. President, I wish to state the reason why I make the request. There is now pending and under consideration before the Appropriations Committee the third deficiency appropriation measure, which should carry an appropriation for the salary of this position. The Secretary

of State has written a letter to the chairman of the Appropriations Committee requesting that the matter of the salary be taken by the committee immediately upon the confirmation of this nomination. It was expected that the nomination would be confirmed sometime ago, but it has been delayed and pending in the Foreign Relations Committee. Unless we can have immediate action on the nomination, it may preclude the action of the Appropriations Committee with respect to the salary of the position. It will result in a further complication. Unless immediate confirmation is had, the salaries of the new Ministers to Estonia and Latvia will also be in suspense. Therefore, I urge confirmation at this time.

The VICE PRESIDENT. Objection has been heard.

Mr. MURRAY. I merely wanted to have the RECORD show the reason why I made the request.

The VICE PRESIDENT. Are there any further reports of committees?

MARY W. DEWSON

Mr. HARRISON. From the Committee on Finance, I report favorably the nomination of Mary W. Dewson, of New York, to be a member of the Social Security Board for the term expiring August 13, 1943.

Mr. COPELAND. Mr. President, I ask unanimous consent that immediate consideration may be given to this nomination, and that it may be confirmed.

The VICE PRESIDENT. The clerk will read the nomination.

The legislative clerk read the nomination of Mary W. Dewson, of New York, to be a member of the Social Security Board for the term expiring August 13, 1943.

The VICE PRESIDENT. Is there objection to the request of the Senator from New York [Mr. COPELAND] for the immediate consideration and confirmation of the nomination? The Chair hears none; and, without objection, the nomination is confirmed.

Mr. COPELAND. I ask unanimous consent that the President be notified.

The VICE PRESIDENT. Without objection, the President will be notified.

If there be no further reports of committees, the Clerk will state the nominations on the Executive Calendar.

DEPARTMENT OF THE TREASURY

The legislative clerk read the nomination of Edward G. Dolan, of Connecticut, to be Register of the Treasury.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES PUBLIC HEALTH SERVICE

The legislative clerk proceeded to read sundry nominations in the Public Health Service.

Mr. BARKLEY. I ask unanimous consent that the nominations in the Public Health Service be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, the nominations are confirmed en bloc.

The Senate resumed legislative session.

RECESS

Mr. BARKLEY. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 4 o'clock and 48 minutes p. m.) the Senate took a recess until tomorrow, Thursday, August 19, 1937, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 18 (legislative day of Aug. 16), 1937

REGISTER OF THE TREASURY

Edward G. Dolan to be Register of the Treasury.

SOCIAL SECURITY BOARD

Mary W. Dewson to be a member of the Social Security Board.

UNITED STATES PUBLIC HEALTH SERVICE

Warren P. Dearing to be passed assistant surgeon.
Alexander G. Gilliam to be passed assistant surgeon.
Leonard A. Scheele to be passed assistant surgeon.
Ralph J. Mitchell to be passed assistant surgeon.
William H. Gordon to be passed assistant surgeon.
Frederick J. Brady to be passed assistant surgeon.
Thomas H. Tomlinson, Jr., to be passed assistant surgeon.
Kirby K. Bryant to be surgeon.
William H. Sebrell, Jr., to be surgeon.
George G. Holdt to be surgeon.
Edward R. Pelikan to be surgeon.
Homer L. Skinner to be surgeon.

POSTMASTERS

MISSISSIPPI

William C. Bourland, Fulton.
Mary S. Farish, Whitfield.

NEW JERSEY

Roy Bowman, West Long Branch.

NORTH DAKOTA

Margaret F. Scouton, Inkster.

TENNESSEE

Frances P. Hudson, Germantown.
Amy G. Sylar, Ooltewah.

HOUSE OF REPRESENTATIVES

WEDNESDAY, AUGUST 18, 1937

The House met at 11 o'clock a. m.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Most gracious Father, whose blessings outnumber the sands of the sea and the stars that reflect the glory of the heavens, hear our prayer. We thank Thee for another day, with its opportunity of service; surely we are enfolded in Thy bosom and live by Thy mercy. Thou, who art the Comforter of the ages, from the recesses of Thy love let Thy blessings flow. O remember those who live in clouds of affliction and all those who are tried and entangled by the relationships of life. Draw near to those who are drifting as upon a sea in the darkness of an unstarred night. O temper the spirit of antagonisms. Teach us how to be happy and responsive and how to make friends by being friendly. May the Congress be attended by Thy grace and wisdom; the laws of our land, may they be faithfully executed; the affairs of state wisely administered; and may prosperty continue to bless our people; and Thine shall be the praise. In the name of our glorified Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Frazier, its legislative clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 3493. An act to amend section 76 of the Judicial Code, as amended, with respect to the terms of the Federal district court, held at Tallahassee, Fla.

The message also announced that the Senate had passed joint resolutions of the following titles, in which the concurrence of the House is requested:

S. J. Res. 197. A joint resolution authorizing an appropriation for the expenses of participation by the United States in the Inter-American Radio Conference to be held in 1937 at Habana, Cuba.

S. J. Res. 199. A joint resolution to authorize an appropriation for the expenses of participation by the United States in the Eighth International Road Congress in 1938.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2281) entitled "An act to regulate proceedings in adoption in the District of Columbia."

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 29. An act to require certain common carriers by railroad to install and maintain certain appliances, methods, and systems intended to promote the safety of employees and travelers on railroads, and for other purposes.

S. 1040. An act placing provisional officers of the World War in the same status with emergency officers of the World War and extending to them the same benefits and privileges as are now or may hereafter be provided by law, orders, and regulations for said emergency officers, and for other purposes.

S. 1283. An act to increase the extra pay to enlisted men for reporting.

S. 1516. An act to authorize certain payments to the American Gold Star Mothers of the World War and the American War Mothers, Inc.; the Veterans of Foreign Wars of the United States, Inc.; and the Disabled American Veterans of the World War, Inc.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 437) entitled "A joint resolution relative to determination and payment of certain claims against the Government of Mexico."

The message also announced that the Senate insists upon its amendment to the bill (H. R. 2711) entitled "An act to create a Division of Water Pollution Control in the United States Public Health Service, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. COPELAND, Mrs. CARAWAY, Mr. GUFFEY, Mr. CLARK, and Mr. WHITE to be the conferees on the part of the Senate.

RIVERS AND HARBORS

Mr. WHITTINGTON. Mr. Speaker, I present a conference report and statement on the bill H. R. 7646, to amend an act entitled "An act authorizing the construction of certain public works on rivers and harbors for flood control, and for other purposes", for printing under the rule.

SMALL RESERVOIRS

Mr. WHITE of Idaho. Mr. Speaker, I call up the conference report upon the bill (H. R. 2512) to authorize an appropriation for the construction of small reservoirs under the Federal reclamation laws.

The SPEAKER. The gentleman from Idaho calls up a conference report on the bill H. R. 2512, which the Clerk will report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 2512) to authorize an appropriation for the construction of small reservoirs under the Federal reclamation laws, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment.

COMPTON I. WHITE,
JOHN J. DEMPSEY,
PAUL R. GREEVER,
FRANCIS CASE,
Managers on the part of the House.

ALVA B. ADAMS,
JOSEPH C. O'MAHONEY,
GERALD P. NYE.
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2512) to authorize an appropriation for the construction of small reservoirs under the Federal reclamation laws, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying report.

The bill as passed by the House authorized an appropriation out of the reclamation fund for the purpose of constructing small reservoirs. The Senate amended the bill providing for the use of relief funds for such construction. The managers on the part of the House insisted that this was properly a matter for the reclamation fund rather than from relief funds owing to the difficulties entailed by the regulations in connection with the use of relief funds. The Senate upon hearing the managers on the part of the House receded from their amendment leaving the House bill as it originally passed the House.

COMPTON I. WHITE,
JOHN J. DEMPSEY,
PAUL R. GREEVER,
FRANCIS H. CASE,
Managers on the Part of the House.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

AMENDMENT TO TRAFFIC ACT

Mr. SCHULTE. Mr. Speaker, I ask unanimous consent for the present consideration of the bill H. R. 8266, to amend the District of Columbia Traffic Act, as amended, which I send to the desk.

The SPEAKER. The gentleman from Indiana asks unanimous consent for the present consideration of the bill H. R. 8266, which the Clerk will report.

The Clerk read as follows:

Be it enacted, etc., That the proviso in section 6 (c) of the District of Columbia Traffic Act is amended by inserting after the comma following the phrase "Parliamentarian of the House of Representatives" the following: "the Tally Clerk of the House of Representatives."

The SPEAKER. Is there objection?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider laid on the table.

PAYMENT OF CERTAIN CLAIMS AGAINST MEXICO

Mr. McREYNOLDS. Mr. Speaker, I present a conference report and statement upon House Joint Resolution 437, relative to determination and payment of certain claims against the Government of Mexico, for printing under the rule.

WAGE AND HOUR BILL

Mr. MARTIN of Colorado. Mr. Speaker, I ask unanimous consent to address the House for 2 minutes regarding a little discrepancy in two statements appearing in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MARTIN of Colorado. Mr. Speaker, yesterday, after I criticized the Committee on Rules regarding the wage and hour bill for its refusal to report the bill out, the gentleman from New York [Mr. O'CONNOR], chairman of that committee, said, quoting the RECORD:

> I do not propose to join my Democratic colleague from Colorado [Mr. MARTIN] and lambast my own party and put the responsibility on them.

Mr. Speaker, I did not lambast the Democratic Party. This is what I said, again quoting from the RECORD:

> The Democratic Party will be held responsible for it——

That is, responsible for the action of the Rules Committee in smothering the wage-hour bill.

In my remaining time, Mr. Speaker, I shall read the headings from a daily paper in my home city, a town of 50,000 people, an industrial city, and I have no doubt that on the same day similar headlines appeared in every daily newspaper in the United States:

> Rebellious Congress tosses hour-pay bill into discard.
> Action marks second revolt within a month against Roosevelt's New Deal program.

And here is the opening paragraph of the article:

> WASHINGTON, August 14.—(U. P.).—A rebellious Congress Saturday night abandoned President Roosevelt's wage-hour bill and began a pell-mell race toward adjournment.

Mr. Speaker, there is no reference to the Committee on Rules in these headings. The country does not know anything about the Committee on Rules; it does not care anything about it, or know or care about individual Members of Congress. All it knows is that the Democratic Party is in overwhelming control of this Congress and has failed to pass the wage-hour bill, and it will hold the Democratic Party responsible for it. That is what I said, and all I said, regarding the Democratic Party.

Mr. Speaker, this is not the first time that the Rules Committee has arrogated to itself the power to pass upon the policy of legislation and has granted a rule for the consideration of legislation in the House, or refused to grant it, according to the views of individual members of the committee as to whether or not they favored such legislation. It has become a common practice on controversial legislation. In other words, the Rules Committee has set itself up as a superlegislative body over all the legislation of Congress, requiring a special rule in order that it may be brought up in the House and considered. That is precisely the position now occupied in the scheme of things in the House by the Committee on Rules.

This, as I say, is not the first time the Committee on Rules has refused to grant a rule for the consideration of major legislation, which consideration was desired by a substantial part of the membership of the House and by millions of people in the country; but I have heard it stated by Members that this is the most flagrant case of the usurpation of the powers of the House of which they have any recollection.

How flagrant the action of the Rules Committee is may be gathered from the statement of the chairman of the committee himself in the debate of yesterday. The committee chairman said:

> In my opinion, the Members of this House will not cast over 75 votes against the bill.

He followed up by saying of the Republican membership:

> I do not believe one-third of their number will ever vote against the bill.

So here is a great piece of legislation, concededly the most important piece of legislation to come before the Seventy-fifth Congress, a bill, moreover, which was passed by the Senate after days of able and thorough consideration by a vote of 2 to 1, exactly 57 to 28. If I wanted to criticize the Rules Committee, it would not be by lambasting it in generalities. It could be better done by simply stating what the bill is and the refusal of the committee to give it a rule, and then put in the statement of the chairman of the committee. Here is a body of 435 Members, of whom, it is authoritatively stated, that not to exceed 75 of them are opposed to the legislation, and yet they are not permitted by a small committee of 14 of their own number to consider it.

Think of a Democratic Member of Congress going to his constituents with any such alibi for the failure of his party to pass a great humanitarian measure to which his party is committed, which the President and party leader has asked at the hands of Congress, and which is endorsed by all the labor organizations of the country, regardless of their own differences.

The newspaper headlines had nothing to say about the Rules Committee, nothing charging the committee with the failure of Congress to act. Ninety percent of the voters of the country who favor this legislation will never know of the committee action, or would consider it as an excuse if they did know. The fact may as well be faced that in the national judgment, not merely the Democratic majority in the House of Representatives, but the National Democratic Party, will be held responsible.

Mr. Speaker, I was a Member of this body when the regime of Czar Cannon was overthrown, when he was stripped of his autocratic powers over the House of Representatives, and that power lodged in the hands of a committee selected by the Members of the House.

But it was too late then to save the Republican Party from the split which overwhelmingly defeated it in the ensuing congressional election and later in the Presidential election. The autocratic and unrepublican control of the House of Representatives, blocking popular legislation, had become a national issue, dividing the party, not merely the politicians of the party but the people; and when the Democratic Party, joining with the Progressive Republicans, stripped the so-called Cannon machine of its powers, it only served to accentuate the party division, resulting in its complete defeat and its loss of power in this House for 8 years. The people did not care about the effect of czar rule or the rights of individual Members of Congress, but they cared greatly about its effect on legislation.

Mr. Speaker, there are differences, vital differences, between the principles and objectives of political parties. There are such vital differences between the principles and objectives of the Democratic and Republican Parties. But there are little or no differences in the technique of political party organizations. Once a party gains power it is quickly led into adopting the methods of its predecessors. Power is quickly gathered into a few hands, and a machine is built up. Its own perpetuity and control become naturally its major concern. It knows best what Congress should do and should not do. It knows best what is good for the party. The Cannon machine knew this. All other machines know it.

As an illustration of however much parties may differ in their principles and objectives, they pursue the same methods once they gain power, is the change made by our party in the number of Members required to sign a discharge petition to take a bill from a committee and bring it before the House for consideration. As is well known, the 145 rule, being exactly one-third of the total House membership, was established by the Democrats of the House when they gained sufficient power in the Seventy-second Congress, cutting the number from 218, as the Republicans had it. The requirement of 218 names, being a majority of the total membership, was properly regarded as a rule designed to prevent the consideration of controversial legislation or any legislation not desired by the House organization. The 145 rule was a more democratic rule.

But no sooner had the party acquired complete and overwhelming control in the Seventy-third Congress than a caucus was called within a few days after the organization of that Congress for the purpose of changing back to the old Republican number, 218. The effort failed of the two-thirds vote necessary to make it binding on all the Members and the proposed change was temporarily abandoned. Later, after the new membership was gotten somewhat better in hand, a second and successful effort was made, so now it requires 218 Members to take a bill from a committee.

There was no secret about the object of this change. It was not needed to control the Republican membership. In the first place they would never sign a petition to bring out reform or progressive legislation. No one could imagine the Republican Party petitioning a wage-hour bill out of a committee. Or a bill to regulate the corporations, which legislation they would consider Government interference in business. So far as the Republican Party is concerned, the House and the country have always been perfectly safe from anything resembling reform or progressive legislation. No; the object of the change in the rule was to tie the hands of the Democratic majority. It is known to be a matter of the utmost difficulty to secure 218 signatures to a discharge petition, with House leaders working against it. Many Members will refuse to sign a petition who would hesitate to vote against a bill once it is brought before the House and the roll is called.

Now, in addition to this undemocratic change in the rules of the House, comes a Rules Committee bloated out of all resemblance to its small beginnings and proper proportions. One might well exclaim—

> Upon what meat doth this our Caesar feed that he is grown so great? Why, man, he doth bestride the narrow world like a Colossus, and we petty men walk under his huge legs and peep about to find ourselves dishonorable graves.

The Rules Committee, consisting of 14 Members of the House, has become a superlegislative body. If 7 of its 14 members do not like the haircut of a bill, it matters not

that the whole House and the whole country may be clamoring for it. The only way a measure can be taken from the committee is by a discharge petition and the signature of 218 Members, just as in the case of other committees. It is now too late in the session for this, as a month or more must elapse.

Mr. Speaker, I have said to my people, and in every paper in my district, that if I could make but one contribution to the political education of the people, it would be to rid their minds of the idea that they are running the Government and the Government is running the country, and that this would be the beginning of knowledge. I have been a student of national affairs for more than 50 years, at least an observer and part-time small actor in them. I do not believe that any great people ever lost so much ground in so many ways in the same space of time. The policies of President Roosevelt have been inspired and designed to arrest this downward tendency and to restore that economic liberty without which, it has been well said, political liberty cannot survive. The wage-hour bill is an approach to the solution of one phase of our economic problems. It is a practical and moderate step. But it shall not pass, says the House Committee on Rules.

This fairly raises the question whether the House Committee on Rules shall not become a subject of consideration by the Members of the House, whether it may not itself force consideration. At least all of the liberal opponents of the President's Supreme Court reform conceded that policy making was no part of the constitutional judicial power. Far less can it be a part of the powers of a mere committee of the House of Representatives, which was created to determine, not what legislation, not what policies, the House of Representatives should consider, but how consideration of important legislation in the House should be facilitated.

The SPEAKER. The time of the gentleman from Colorado has expired.

EXTENSION OF REMARKS

Mr. PAREDES. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a short table.

The SPEAKER. Is there objection?

There was no objection.

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a statement by Steven Rauschenbusch.

The SPEAKER. Is there objection?

There was no objection.

SESQUICENTENNIAL COMMISSION

Mr. KELLER. Mr. Speaker, I call up the conference report upon House Joint Resolution 363, to authorize an additional appropriation to further the work of the United States Constitution Sesquicentennial Commission and ask unanimous consent that the statement be read in lieu of the report.

The SPEAKER. The gentleman from Illinois calls up a conference report upon House Joint Resolution 363 and asks unanimous consent that the statement be read in lieu of the report. Is there objeciton?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 363) to authorize an additional appropriation to further the work of the United States Constitution Sesquicentennial Commission, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, and 4, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the matter inserted by the Senate amendment insert the following:

"Any funds heretofore or hereafter made available to the United States Constitution Sesquicentennial Commission for carrying out the functions imposed upon such Commission by or pursuant to law may be expended by the Commission for printing and binding outside the Government Printing Office and such objects as the Commission may deem necessary and proper to accomplish the purposes of such functions: *Provided*, That this provision shall not be construed as waiving the requirement for the submission of accounts and vouchers to the General Accounting Office for audit."

And the Senate agree to the same.

FREDERICK VAN NUYS,
EDWARD R. BURKE,
WM. E. BORAH,
Managers on the part of the Senate.

KENT E. KELLER,
ROBERT T. SECREST,
Managers on the part of the House.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the joint resolution (H. J. Res. 363) entitled "Joint Resolution to authorize an additional appropriation to further the work of the United States Constitution Sesquicentennial Commission" submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On no. 1: The House provided for a distribution quota of 2,500 copies of The Story of the Constitution for each Senator, Representative, and Delegate from a Territory. The Senate amendment reduced the quota to 2,000 each and the House accepts the Senate amendment.

On no. 2: Makes a technical correction in the House text.

On no. 3: The Senate amendment provides that any funds heretofore or hereafter made available to the Commission for carrying on its duly authorized functions might be expended by the Commission for such objects and in such manner as the Commission might deem proper and necessary to accomplish such functions without regard to any other laws or regulations relating to the expenditure of public funds with the exception that such exemption should not waive the submission of accounts and vouchers to the General Accounting Office for audit. The House accepts the Senate amendment modified to provide that any funds heretofore or hereafter available to the Commission for carrying on its duly authorized functions might be expended for printing and binding outside the Government Printing Office and for such objects as the Commission may deem necessary and proper to accomplish the purposes of its functions with the same exception that the provision should not be construed to waive the submission of accounts and vouchers to the General Accounting Office for audit.

On no. 4: The Senate amendment adds a new section authorizing the President to appoint a Director General for the Commission, who shall not be deemed an officer of the United States. The House accepts the Senate amendment.

KENT E. KELLER,
ROBERT T. SECREST,
Managers on the part of the House.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

JOINT COMMITTEE ON HAWAII

Mr. O'CONNOR of New York, from the Committee on Rules, submitted the following resolution (S. Con. Res. 18, Rept. No. 1586), for printing in the RECORD:

Senate Concurrent Resolution 18

Resolved by the Senate (the House of Representatives concurring), That there is hereby created a joint congressional committee to be known as the Joint Committee on Hawaii, which shall be composed of not to exceed 12 Members of the Senate, to be appointed by the President of the Senate, and not to exceed 12 Members of the House of Representatives and the Delegate from Hawaii, to be appointed by the Speaker of the House of Representatives. The committee shall select a chairman from among its members. The committee shall cease to exist upon making its report to Congress pursuant to this resolution.

SEC. 2. The committee is authorized and directed to conduct a comprehensive investigation and study of the subject of statehood and of other subjects relating to the welfare of the Territory of Hawaii. The committee shall report to the Senate and to the House of Representatives not later than January 15, 1938, the results of its investigation and study, together with its recommendations for such legislation as it deems necessary or desirable.

SEC. 3. For the purposes of this resolution, the committee is authorized to sit and act, as a whole or by subcommittee, at such times and places as it deems advisable, to hold such hearings, to administer such oaths and affirmations, to take such testimony,

and to have such printing and binding done as it deems necessary.

THE PRIVATE CALENDAR

Mr. O'CONNOR of New York. Mr. Speaker, I ask unanimous consent that during the remainder of this session it shall be in order for the Speaker to call up individual bills on the Private Calendar.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, the minority leader is temporarily absent.

Mr. O'CONNOR of New York. I spoke to the minority leader and this is agreeable to him.

The SPEAKER. Is there objection?

There was no objection.

THE HOUSING BILL

Mr. O'CONNOR of New York. Mr. Speaker, I call up the resolution H. Res. 320.

The Clerk read the resolution, as follows:

House Resolution 320

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of S. 1685, an act to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, for the provision of decent, safe, and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill, and continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute committee amendment recommended by the Committee on Banking and Currency now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. O'CONNOR of New York. Mr. Speaker, I yield 30 minutes on the resolution to the gentleman from Tennessee [Mr. TAYLOR].

Mr. Speaker, this rule provides for the consideration of the housing bill. It is an open rule, permitting amendments, and we hope to complete the bill today. In fact, we shall make every effort to complete the bill today no matter how late we have to stay to do it.

As is well known, the matter of Federal aid to housing has been a subject of great interest for many years. Many Members, particularly from the congested sections of the country, have been eager to see a housing bill passed. Such a bill has been proposed for years. We are, therefore, glad at this moment, although it is somewhat late, that this bill now comes before us.

It is a subject in which I have long taken a personal interest. I want to commend, if I may respectfully do so, the House committee for putting amendments in the Senate bill, which are a distinct improvement over that bill.

First, as to the limitation of cost, the Senate had a limitation of $1,000 per room and $4,000 per unit, about 4 rooms. This cost is outside of the cost of land and demolition. That small limitation would make it absolutely impossible to erect low-cost housing in any of the cities of the United States of any size, due to the cost of material and especially the labor cost.

In the two big improvements in New York City of recent date, the Harlem improvement and the Williamsburg improvement, the cost per room was about $1,600. The House committee properly eliminated the $1,000 per room limitation and the $4,000 per unit limitation, and put in a limitation of $5,000 per unit. Some of us fear that that limitation may be too small if the cost of construction increases, because as I said, the cost in New York City recently was $1,600 a room, and as of July 1 the cost per unit in Atlanta was $4,632; in Cincinnati, $4,872, as instances of the cost of construction.

Furthermore, it must always be borne in mind that it would be very unprofitable to build cheap construction, so-called jerry building which is going to be financed by the Federal Government over a period of 60 years, and it is assumed that the construction should last at least 60 years.

Mr. JENKINS of Ohio. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. JENKINS of Ohio. I appreciate the gentleman from New York probably knows more about what I want to ask than anybody else in this Congress. What is the difference in the financial set-up of these improvements that have already been made in New York as against those proposed in this bill?

Mr. O'CONNOR of New York. Oh, there is such a substantial difference I could not in my limited time explain it. I prefer to leave that explanation to the Committee on Banking and Currency. The present improvements I referred to are P. W. A. projects, financed up to 70 or 75 percent, but I would not want to state positively about it.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. BLOOM. When the gentleman refers to a unit, how many rooms are there to the unit?

Mr. O'CONNOR of New York. It is generally considered four rooms.

Mr. BLOOM. That will be over $1,000 a room, then?

Mr. O'CONNOR of New York. There is some fear even about the unit limitation of $5,000. We may not be able to build within that limitation in certain cities, but, of course, this plan will not be carried out for some months or a year or perhaps longer, and when we come back here next year there may be a possibility of meeting the exact situation at that time as it presents itself.

Mr. BLOOM. Will the gentleman yield for one further question?

Mr. O'CONNOR of New York. I yield.

Mr. BLOOM. That excludes the cost of the land?

Mr. O'CONNOR of New York. Yes. And also the cost of demolition.

Mr. BLOOM. And excavation also?

Mr. O'CONNOR of New York. I do not understand the cost of excavation is excepted.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. DONDERO. Will this bill now before the House provide any relief except in the very large cities, in the congested areas?

Mr. O'CONNOR of New York. Oh, yes, indeed. I was going to answer that last. It has been stated, and it will probably be stated, possibly by some members of the committee, that only five or six or eight cities will derive any benefit under this bill.

Other members of the committee and some people who have studied the subject know that the bill will help thousands and thousands of communities, because the slums in this country are not confined to the five or six great metropolitan centers. I think it is within the observation of most Members that in some of the small cities of 25,000 or 50,000 there are certain sections in which people live which are utterly despicable from the standpoint of health and sanitation. I have seen them. I know a number of cities from 25,000 to 200,000 which have slums such as New York never had. When you talk about the slums of New York from the standpoint of filth and extremely insanitary conditions you are talking about the condition of 25 years ago.

Mr. BLOOM. They have them right here in Washington.

Mr. O'CONNOR of New York. Yes; there are slums right here in the Capital City. This city will benefit by the passage of this bill. Any city of 50,000 or even less will benefit from it.

Mr. DEMUTH. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. DEMUTH. To speak of cost per room is not to use a very definite unit. I notice that in some of the projects, for instance, Greenbelt, they build rooms that you can hardly turn around in. The cubic foot is a common unit in building and is the unit used in appraising and assessing property. Why do they not use the cubic foot as a standard of cost?

Mr. O'CONNOR of New York. I have no idea why they did not.

Mr. BLOOM. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. BLOOM. That depends upon the law of the place where the building is located. In some places they require rooms to be of a certain size and in other places of other sizes, and, of course, in some places there is no requirement as to the size of rooms.

Mr. DEMUTH. But when you use the room as a unit, the room may be 14 by 14, 8 by 10, or any other size. You may build a building for $500 per room, but the rooms may be 8 by 8. If you base the price on the cubic foot, then you are using a unit that is common to the industry, that is used alike by appraisers and builders in figuring costs.

Mr. O'CONNOR of New York. When the bill is read for amendment, of course, the gentleman can go into that at the precise point of the bill where it is taken up.

Mr. LEWIS of Colorado. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. LEWIS of Colorado. The statement has been made that this bill will benefit only a few of the large cities. What difference does that make? Certainly the large cities are parts of the United States.

Mr. O'CONNOR of New York. Sometimes we think so; sometimes we hear that they are not. I am willing to compare them in every possible aspect with every other section of our great country.

Mr. KENNEY. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. On the question of cost; yes.

Mr. KENNEY. I had an observation, and I wonder if the gentleman would agree with me in it.

Mr. O'CONNOR of New York. I yield briefly.

Mr. KENNEY. I believe the gentleman knows that communism breeds in slums. If we provide adequate quarters for our people and eliminate the slums, not only will we benefit mankind but will be doing more than anything else we could do to wipe out communism.

Mr. O'CONNOR of New York. I do not know about that. I sometimes feel that communism is preached more around the fireplaces in some of the most palatial homes and in some of the finer residences. "Parlor bolshevists", they are sometimes called. I would take my chance at any time on the people in the slums as to being good, patriotic American citizens.

Mr. KENNEY. But we know, too, the powerful influence of good living quarters and pleasant surroundings.

Mr. O'CONNOR of New York. There is another provision in the bill to which I do take great exception, a provision that I do not think is fair and for which I do not think any adequate reason can be given; that is, the 10-percent limitation of this $500,000,000 that is to be used, that not more than 10 percent shall go to any one State. The bill as passed by the Senate provided $726,000,000. The House cut it down by $200,000,000. I have no particular complaint about that, because it could not all be used in 1 year, 2 years, or maybe 3 years, but the Senate put in a provision limiting 20 percent to any one State. In principle that was likewise objectionable, but the House has reduced it to 10 percent. All this possibly will do, will be to work to the disadvantage of some of the big States which really need slum clearance and will inspire the other States to ask for their share of the "pork", and they will be here with their demands whether the need is great or not, demanding their 10 percent of the loaf.

I believe there should be no limitation, that it should be left to the discretion of the authorities. I am confident they will not abuse it or permit too much to be used in any one State.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. KNUTSON. I assume that the gentleman's committee has held hearings upon this matter.

Mr. O'CONNOR of New York. The gentleman means the Committee on Rules?

Mr. KNUTSON. Yes.

Mr. O'CONNOR of New York. Yes.

Mr. KNUTSON. What price per room did the Resettlement people say these projects would cost on an average?

Mr. O'CONNOR of New York. I never heard anything about the resettlement costs; I do not know.

Mr. KNUTSON. I mean slum-clearance.

Mr. O'CONNOR of New York. I just went into that. They fix a limitation of $5,000 per unit.

There is a provision in the bill—and I hope you will pardon my characterization of it—that is foolish, that is the provision that requires for every unit of new construction the demolition of an old unit.

Mr. STEAGALL. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR of New York. I yield.

Mr. STEAGALL. The bill in its present form leaves a discretion with the authority, simply requiring that satisfactory arrangements be made for the demolition or repairs of slums in existence.

We have a committee amendment which liberalizes that by authorizing the Housing Authority to defer that requirement.

Mr. O'CONNOR of New York. I am glad to hear that.

There is another matter to which I wish to refer. As I understand it, the Committee on Banking and Currency—and I do not mean to intrude, but I have taken a personal interest in these matters—has been considering amendments offered by the Federal Housing Administration to permit the Federal Housing Administration to guarantee mortgages on a certain type of building which they cannot do now. As explained to me, the Federal Housing Administration is limited in the first instance to the single home worth not over $16,000. In my district, for instance, no loans could be made because the value of those brownstone houses there, together with the value of the land, will run to $20,000 and upward. The Federal Housing Administration has also been financing, by guaranty of mortgages, the big units, such as apartment houses costing $1,000,000 to $5,000,000. But in between the $16,000 single dwelling and the big apartment projects, the Federal Housing has had no power to guarantee the mortgage. In many places the so-called walk-up apartment of 6 or 10 families, 2, 3, or 4 stories high, costing from $200,000 up, is the ideal accommodation for the people. The Federal Housing Administration and the Federal Reserve asked the committee to put in this bill provisions authorizing the Federal Housing Administration to take care of this intermediate group. I understand the committee has not done that.

Before the consideration of this bill is concluded, I trust the committee will offer those amendments, or some Member will offer them so that the matter can be taken care of before next session of Congress.

Mr. Speaker, I do not believe any one subject has attracted more attention in the country than housing.

It is going to be said here, "Well, this is a local matter entirely." I do not believe the Members of the House feel that the health, the morals, and the comfort of the people of our country in any place, whether it be big city or on the farm, is strictly a local matter. It pertains to the Nation, and it pertains to the Nation's assets. If the Nation does not take care of them we may regret it at some future time, and I hope the House will overwhelmingly pass this bill before we adjourn this evening.

Mr. FORD of California. Will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the gentleman from California.

Mr. FORD of California. Would not an epidemic in a great slum area in New York, Chicago, Philadelphia, or any other big city affect the entire Nation?

Mr. O'CONNOR of New York. Surely; and by the same token, at least 70 percent of the people in New York are drawn from practically every State in the Union. They come there, and we have to take care of them. There are very few lifelong residents of the city of New York.

Mr. FORD of California. In other words, it is a national problem?

Mr. O'CONNOR of New York. That is true; and the same situation applies to Chicago and the other big cities.

Mr. HOUSTON. Will the gentleman yield?

Mr. O'CONNOR of New York. I yield to the gentleman from Kansas.

Mr. HOUSTON. Under the terms of this act, do they have to have a housing authority in each State?

Mr. O'CONNOR of New York. As I understand it, there has to be some State or city housing authority.

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. GIFFORD. Mr. Speaker, I make the point of order that there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

Mr. O'CONNOR of New York. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 146]

Allen, La.	Fulmer	Maas	Smith, Conn.
Andresen, Minn.	Gasque	May	Smith, Maine
Binderup	Gilchrist	Meeks	Smith, Va.
Brooks	Gray, Ind.	Millard	Smith, W. Va.
Buckley, N. Y.	Hamilton	Mitchell, Ill.	Somers, N. Y.
Cannon, Wis.	Hendricks	Murdock, Utah	Sullivan
Cartwright	Hill, Ala.	Nelson	Taylor, Colo.
Chapman	Hobbs	O'Neal, Ky.	Teigan
Cluett	Hoffman	Peterson, Fla.	Thom
Crosby	Johnson, Minn.	Phillips	Towey
Culkin	Kleberg	Plumley	Vinson, Ga.
Disney	Kloeb	Reed, N. Y.	Weaver
Drewry, Va.	Kniffin	Rogers, Okla.	White, Idaho
Ellenbogen	Lambeth	Scrugham	
Fernandez	Lord	Sheppard	
Fitzpatrick	McGroarty	Sirovich	

The SPEAKER. Three hundred and sixty-three Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CONFEREES ON STREAM-POLLUTION BILL

Mr. GREEN. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. GAVAGAN] may be substituted as a conferee on the stream-pollution bill in my place. The gentleman from New York is senior to me on the committee.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

The SPEAKER. The Clerk will notify the Senate of the substitution.

THE HOUSING BILL

Mr. TAYLOR of Tennessee. Mr. Speaker, I yield 30 minutes to the gentleman from Massachusetts [Mr. LUCE].

Mr. LUCE. Mr. Speaker, it is doubtful if a more important measure than this has been presented to the House in this session. It involves money to the ultimate extent of at least a thousand million dollars, and possibly $2,000,000,000. It concerns a question which has been agitated and discussed throughout the country. It involves the welfare of millions of our people. And yet this question was precipitated upon the Committee on Banking and Currency only a few days ago. It is an intricate bill, full of difficulties. In the ordinary course of events it would have been studied through many weeks and possibly many months by a subcommittee.

It was my fortune to be part and parcel of the construction of the three measures that have made up our housing program, the home loan bank bill, the Home Owners' Loan Corporation bill, and the housing bill. To every one of them we gave weeks of study. We passed days and nights in company with the legislative counsel, studying every section, every sentence, every punctuation mark. In this instance that has been absolutely impossible. There are features of this bill that no man can rise here and explain surely, quickly, and accurately. The financial features of the bill are the most difficult of comprehension, and yet at the very end of the session, with only a day of consideration here and only meager consideration by the committee, we are asked to permit the Government to bind itself for an enormous amount of money and to engage in a program that has not been digested.

The blame for this does not attach to the committee. If you seek blame, you will find it in the history of a session which has crowded into its last days nearly all the important work. We are now being pushed through action upon measures that we are confident are not complete, have not been adequately considered, and that will develop many plague spots to vex future Congresses. So I deplore being virtually compelled as a committee member to address you when I myself have to admit that I do not want any questions asked of me, because I know you can ask questions I cannot answer.

Let us consider first the purpose of this bill. It is for the clearance of slums. The gentleman from New York [Mr. O'CONNOR], who preceded me, whom you may not all have heard, said that this measure would accomplish results throughout the country; that it would be of use to the people who dwell in the vilages and in the towns, and even the hamlets of the country. I attended all the meetings of the House Committee on Banking and Currency on this subject, and I have read with care the Senate hearings on this subject, and I may say that no man in any hearing has dared to say that this will be of the slightest service to the rural areas of America.

Mr. O'CONNOR of New York. Mr. Speaker, will the gentleman yield?

Mr. LUCE. I yield to the gentleman from New York.

Mr. O'CONNOR of New York. The gentleman has referred to me. Of course, I never used the word "town", I never used the word "village", and I never used the word "hamlet." I mentioned the cities of this country. The smallest place I mentioned was of 25,000 population.

Mr. LUCE. No man in the committee has heard a word said, either here or in the other branch, to express a belief that this bill would be applicable in any town or city of small size. The committee itself is of the belief that this will apply to not more than 6, 8, or 10 cities in this country. The bill has been constructed on the basis of big-city service.

We are facing one more proposal to take money from all the people for the use of some of the people. How is it proposed to do this? It is proposed to lend money and to give money.

The lending of money contemplates that the United States will, through 60 years, probably, I fear, beyond the life of any person listening to me, lend the credit of this country for the payment of $500,000,000, in addition to the cost of interest, which will, as I understand, more than double or nearly double the guaranty.

The giving of money is to be by way of outright grants. I shall not undertake to go into the intricacies of the method but rather give you, if I may, a broad picture of what is contemplated.

The purpose of this bill and, as far as language can accomplish it, the meaning of the bill, is that it shall serve no citizens of the United States whose incomes are more than $1,000 a year, and many of the witnesses and members of the committee believe it will be $800 a year at the most. You may put it down in your mind that this bill is for persons living in 8 or 10 cities of this country who have incomes of less than $800 to $1,000 and more than $500 a

year. No provision whatever is made for people of the smallest income or without any income at all. Not a cent is to be spent or used for the benefit of people without any income.

This bill applies to the group of people who in our large cities live in what are known as slums. Any man who tries to make his hearers think that the word "slum" can possibly be perverted to cover the blighted area in some small community is greatly in error.

There is not a line in this bill that contemplates any help to any citizen desiring to build a detached house.

Mr. SABATH. Mr. Speaker, will the gentleman yield?

Mr. LUCE. I will try to answer questions, but I warned the gentleman that I may not be able to answer because we have not been given a chance to learn about and understand some of these things. I only hope I know something about them.

Mr. SABATH. The gentleman has said that we are not providing a program that will aid those who are without any income. We have passed the Old-Age Pension Act and we have passed the Unemployment Act, which will help those who have no earnings, and in that way we have already provided for them to some extent, although not to the extent they should be provided for. We have by legislation, however, aided them or tried to aid and help them.

Mr. LUCE. The gentleman is talking about another subject. I am talking about this bill. [Laughter.] I know a little about this bill. I do not know all about it, but I know a little about it, and I know enough to know that I was accurate in my statement.

Mr. SABATH. We cannot take care of all of them in this bill, and we do not contemplate that.

Mr. LUCE. The gentleman has accomplished a purpose, I admit, that may be somewhat embarrassing to me. He has cut my thread of thought. I shall fish around in my brain a moment, and perhaps will get back to what I started to say. Oh, I know what it was: I wanted to show the difference between what England is doing and what we are doing; for under the English system they have erected thousands and thousands of cottages for the benefit of the people of small incomes, and they are spending over there one-thousand-two-hundred-and-odd dollars a unit, while you are asked to spend on apartment houses here $5,000 a dwelling unit, or four times as much as is found sufficient in England to house, largely in cottages, persons of low incomes.

Mr. O'CONNOR of New York. Mr. Speaker, will the gentleman yield?

Mr. LUCE. Yes.

Mr. O'CONNOR of New York. The gentleman lost his train of thought when he said that nothing in this bill provided for the individual detached dwelling.

Mr. LUCE. Yes; I thank the gentleman.

Mr. O'CONNOR of New York. But have we not taken care of that under Resettlement and under the Federal Housing Administration?

Mr. LUCE. What they have done has no relation to the pending bill for slum clearance. There is under consideration here, so far as I know, no program contemplating aid to the individual who desires to build a new house. I may be in error; anyhow, I find nothing in the bill for that. I am trying, sir, to disabuse my hearers of the impression my friend gave them that this was more than a slum-clearance bill for big cities.

Mr. COX. Mr. Speaker, will the gentleman yield to me?

Mr. LUCE. Certainly.

Mr. COX. The proponents of this measure talk incessantly about the poor who inhabit the slums of the big cities. The measure proposes to obliterate and demolish these slums. Will the people who now inhabit them be privileged to return to this new construction and live there?

Mr. LUCE. I recall no prohibition against that, but the rate of rent that will be required in these new buildings will make it impossible for the greater part of those who are dispossessed to take advantage of the new opportunity.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield on that point?

Mr. LUCE. Certainly.

Mr. CRAWFORD. Did the gentleman hear anything in the testimony before the committee which would lead him to believe that under the provisions of this bill those with incomes of less than $600 per annum could occupy any of these proposed buildings?

Mr. LUCE. I was liberal in making it $500. Six hundred dollars is probably nearer the exact figure.

Mr. CRAWFORD. That is, nobody under $500 could occupy any of this space?

Mr. LUCE. So far as I made it out, sir, you are correct.

Mr. O'CONNOR of New York. Mr. Speaker, will the gentleman yield there?

Mr. LUCE. Yes.

Mr. O'CONNOR of New York. As I understand, in the consideration of this legislation we are talking about families and not individuals.

Mr. LUCE. Yes.

Mr. O'CONNOR of New York. The gentleman talks about $600 or less. In what big city in this country, aside from their being out of work or on relief, can any family exist on as little as $600 a year, which is only $12 a week? In my opinion, the limits are too low, and I believe you ought to let people go into these slum-clearance buildings who get as high as $1,000 or $1,200 a year, because in the big cities that is only $20 or $25 a week for a family; and years ago, when we were in prosperity, the average wage throughout this country was nearer $1,500 for the head of a family, and at that such families had no easy time existing.

Mr. LUCE. It would have been of great help to the committee if the gentleman from New York had come before the committee and presented his views in that respect.

Mr. O'CONNOR of New York. I have been trying to do everything possible for over a year to have the committee consider this legislation. The gentleman has said that within a few days it was "precipitated" upon the committee. I recall that the substance of the bill was before the gentleman's committee in the last Congress, and nothing was done; and this bill, in substance and in principle, has been before the gentleman's committee almost from the first day of this session of the Congress. Now, is not that correct?

Mr. LUCE. In all kindness and without desire of malice, I would point out to the gentleman that the program of the Congress in this session has been dictated in other quarters. [Applause.]

Mr. FORD of California. Mr. Speaker, will the gentleman yield?

Mr. LUCE. Certainly.

Mr. FORD of California. The gentleman from Massachusetts states that $50 a month, or $500 a year is the minimum. This would be true, I presume, of a family that would have to have a four-room apartment; but, is it not true that a two-room apartment might be occupied by a husband and wife where the salary of the husband is $50 a month?

Mr. LUCE. That is quite possible; but I fear I have allowed myself to be diverted from a discussion of principles to a discussion of details.

Mr. FORD of California. I beg the gentleman's pardon; I simply wanted to make that point clear.

Mr. LUCE. I was not addressing myself to the gentleman in particular, but to the course of inquiry in the last few minutes, and now I pray that I may address myself to the general principles for the rest of the time allotted to me.

Mr. DEMUTH. Mr. Speaker, will the gentleman yield for a question on general principles?

Mr. LUCE. Yes; but make it snappy.

Mr. DEMUTH. If a person is untidy or has a dirty home in a slum now, does the gentleman think he will suddenly reform when he gets into this new apartment and keep it neat and clean?

Mr. LUCE. The gentleman will find that in the hearings there was some testimony to the effect that miracles are no longer out of date.

Mr. DEMUTH. Under the Home Owners' Loan we charge from 5 to 6 percent and tell these people that they must pay all their taxes, although they may be out of work. Under this bill a man must have steady work or we will not accept him as a tenant, and we give him a home at 3 percent and he does not pay any taxes. Is that just?

Mr. LUCE. That is another point I would like to dwell upon; but, speaking of taxes, there is a provision in this bill to the effect that localities shall waive taxes on these institutions. I should like to take about an hour to point out the fallacy involved therein, but I must content myself with saying that such contribution of the city in my judgment is not of material consequence.

And now let me turn to what, to my mind, is the all important consideration in this matter. When I came here 18 years ago the country was about to embark on a program that has already brought most serious results and threatens to change our form of government. It was in 1921 that the highway law was passed under which States and the Nation divided the cost of highways. There was then established what has come to be known as the 50–50 principle. I think I have voted against it every time that I have had an opportunity to do so, because it seemed to me unwise to hold before States, to dangle before them, the temptation of the chance to get Federal money. But the 50–50 would not have been so bad if we could have stopped there. When the pending bill was introduced it was a bill for 100 to 0. Such is the distance that has been traveled in a comparatively few years. In the old days, before I came here, nobody ever dreamed of coming to Washington to get money for the maintenance of municipalities or for their aid. First, 50–50; now, 100–0. The Senate would not stand for it, and they compelled a contribution by the municipality. The House has gone further, demanding, if I figure rightly, one-quarter of the contribution to be made by the municipality.

Why should the Federal Government contribute a red cent to the maintenance of what is primarily a local responsibility? Who would most profit by the elimination of slums? Who should bear the expense? I shall be told that this is of national importance, because the slums breed disease and start epidemics. That may be true, but should all the health agencies of the United States be handled from Washington?

If this be true, then all our waterworks ought to be handled by Washington, and we ought to make contribution for the construction of sewers, both matters of great health importance, and if you take over sewers and waterworks, why not also local parks, because they, too, are a matter of importance to the health of a community? And if you maintain parks your next step will be to say that crime is of national interest, and you must put it all under the control of Mr. J. Edgar Hoover, because crime is bred in these slums. Crime now knows no State lines, and you should take over the prevention and punishment of crime from these municipalities, if you are to follow in logical sequence. And if you are to take over crime, where will you go next? You will go in the direction where powerful forces are already impelling us. Every year they gain strength. You will take over the schools, because you will argue that as the schools train for citizenship, they have primarily a national interest. Thus, little by little, will you break down that system of government of which we have been so proud.

Sir, it has been for many years my pleasure for purposes of publication, to devote study to the methods of government, and the result of that study has led me to the belief that our fathers devised the best system of government the world has ever known. [Applause.] A system under which we began with the town, or the parish, and later the city. Then we gave some powers to the States and now we are transferring them to the Nation.

In these last few years, little by little, you have been breaking down the sense of responsibility on the part of the citizen. You have been taking away from him knowledge that he pays any taxes. The mayor of New York, my good friend, a man whom I respect and admire and whom I wish well, came here to speak for the municipalities of this country with more than 50,000 inhabitants. He asked that we take over this responsibility.

Your mail and mine in these last few weeks have been full of appeals that we give money out of the Public Treasury to municipalities for this or that purpose. By the passage of this bill you speed the day when your mayors will become obsolete, when your Governors will be simply ornaments, and there will be no source of money except the Treasury of the United States.

It is urged in behalf of this bill that various laws will not permit the States to contribute as we would wish. Have there not been legislatures in session now for 4 years since the depression began? Has there not been ample time to change constitutions to remove all impediments in the way of raising enough money locally? Instead of that, instead of seeking to help themselves, they come here and ask us to help them, as if our Treasury were bottomless, as if you pulled down out of the clouds or picked off the trees the money with which to pay the bill, as if there were no taxes to be transferred back to the people.

Let me just point out what has been done for the city of New York. Two days ago the administrator of the W. P. A. there made a long statement about the accomplishments of the last 2 years.

He declared that of W. P. A. funds $315,723,885 had come from the Federal Government and New York City had spent only $93,356,157. Less than one-quarter of this money was raised by the city of New York, the largest city in the land, the wealthiest city in the land. Less than one-fourth paid out of the pockets of the wealthy and the poor and all of the other citizens of New York.

Mr. CURLEY. Mr. Speaker, will the gentleman yield?

Mr. LUCE. I do not have time. My time expires in 2 minutes.

Now, how far are we going with this thing? I would like to vote for this bill. I sympathize with its purpose. I believe that slums ought to be eliminated. I would like to help eliminate slums, but more important than dollars, more important than helping any locality, is it to save the framework of the Government of the United States; to rely upon the sense of responsibility of the individual citizen, to make him feel that his local government is his chief concern, to give him interest in all elections, give him opportunities to criticize, and not drive him to Washington to get money. [Applause.]

The SPEAKER. The time of the gentleman from Massachusetts [Mr. LUCE] has expired.

Mr. O'CONNOR of New York. Mr. Speaker, the distinguished gentleman from Massachusetts [Mr. LUCE] has referred to "crime being bred in slums." I do not subscribe to that whatsoever, because if that were true there would be no occasion for all the jails and all the penitentiaries and all the penal farms in every State of the Union, and in every one of the 3,000 counties in the Union, because surely in some of those places there must not be any slums.

Now, the gentleman from Massachusetts in saying that $315,000,000 in relief was afforded out of Federal funds to the city of New York, did not proceed to make the calculation of how many billions in taxes the city of New York has contributed to all these billions which have been spent for relief throughout the entire country. I will wager it is many times the $315,000,000.

But the gentleman was much more greatly concerned and upset as to what he says has happened since 1921. He said that up to 1921 nobody ever dreamed of coming to the Federal Government and asking for one penny for local purposes. That is probably true. Cities and States did not ask the Federal Government to aid them with money, but the gentleman, one of the great champions of a certain group—not of municipalities but of individuals and corporations in this country—can testify that there were plenty of individuals and there were plenty of corporations who had

no hesitancy in coming to the Federal Government and asking its aid to put billions and billions of dollars into their pockets. I refer to the gentleman's Textile Trust in New England. [Applause.]

I refer to the Steel Trust. I refer to the Aluminum Trust and to the Harvester Trust. They never had any hesitancy in those good old days to which the gentleman refers and which he bemoans as passing, in coming to the Federal Government. While the money was not distributed to aid people throughout the States of the Union, yet through tax refunds of $4,000,000,000 in 4 years, and through a high protective tariff, the Federal Treasury was used for the benefit of corporations and individuals and not the people of our country. [Applause.]

We are living in new days now when we have a different concept entirely from those good old days of the G. O. P., when the gentleman was such an outstanding advocate and example of those past and bygone days. [Applause.]

Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, the gentleman from Massachusetts [Mr. LUCE] states that he sympathizes with the purposes and aims of this bill, but states that the committee did not have sufficient time to consider it. The gentleman from New York [Mr. O'CONNOR] has replied as to the time the committee has had the bill under consideration, and has quite fully answered the statement of the gentleman from Massachusetts.

The gentleman from Massachusetts [Mr. LUCE] is in error in charging that this bill will benefit only five or six large cities. I am satisfied that it will assist a great many cities in the United States. Lest there be any misunderstanding, it should be stated that under this bill no private individual can get any aid. Assistance will be given to States and municipalities only, not to individuals. Referring further to the 6 or even 10 large cities which the gentleman mentions, he should recognize the fact that those cities pay, through various taxes, almost 60 percent of the entire income of the Federal Government.

The gentleman from Massachusetts [Mr. LUCE] also complains that there is too much centralization, and that it would be better if we would leave things alone. I know the gentleman is a historian, and he knows what occurred nearly 150 years ago when the greatest man of that time thought that the colonies themselves could not operate successfully, and consequently they brought about a central government, and the central government has been found to operate successfully in the interest of all the States, and it has been proved that those gentlemen responsible for that central government used great wisdom in bringing it about.

The gentleman states that no relief was asked by municipalities when he entered the House, but he failed to state that he came here after the greatest era of prosperity this country has ever enjoyed. Because of the foundation laid by the Democratic Party, that prosperity continued with us until 1929, when his party, unfortunately, brought about the conditions that made necessary the granting of aid to the unfortunate people of the cities. From 1917 to 1920 these cities had seen a great influx of industrial workers for whom no housing facilities existed. Slum conditions continued to grow worse, and after 1929 the cities were unable, because of their inability to collect taxes, to care for the needy, provide relief and feed the millions of unemployed. Consequently, only the Federal Government was able to prevent wholesale bankruptcies of the cities and save its people from starvation.

The gentleman has stated, and so have all those who appeared before the Rules Committee, that the need for legislation such as this exists. This bill, they charge, will not aid the unemployed or those who earn less than $600 a year. Admitting that those earning that sum cannot afford to rent these houses that are proposed to be built, it should nevertheless be remembered that we have done and are doing everything we can for that class, by legislation such as old-age pensions, unemployment insurance, and by other laws and acts. Personally I wish it were within my power to accord them much greater aid and assistance than has been so far made possible under the laws that we have passed. It was for that reason that I endeavored to secure passage of the minimum wage and hour bill, but unfortunately, the gentlemen who now state that not enough is being done for those earning $600 per annum or less were the very ones who failed to cooperate or assist in securing consideration of that measure.

This bill will not cost the Government as much as has been charged. I do not believe it will exceed $15,000,000 a year, and if we can eliminate even one-half of our slum areas and provide only 500,000 homes, the Nation will be abundantly repaid.

I have done everything I could to aid the farmers and have voted for every measure designed to give them relief. I hope that those gentlemen who sponsored farm legislation will show their appreciation by aiding in the adoption of the rule and the passage of this bill without delay.

Conceding that it may not be a perfect bill, and that it is not the same as the Senate bill, I hope that any differences will be ironed out by the conferees so that we will have a workable law that can meet immediate needs and lend itself to future refinement and improvements or strengthening in the next and following Congresses.

Mr. O'CONNOR of New York. Mr. Speaker, I yield the balance of my time to the gentleman from Indiana [Mr. GREENWOOD].

Mr. GREENWOOD. Mr. Speaker, I am deeply interested in this measure as another piece of legislation that will help the underprivileged of America. During the course of this administration we have striven to help those who were not in a position to help themselves. Yesterday we restored to the appropriation bill an item to help tenant farmers. The Home Owners' Loan Corporation has helped thousands in every section of the United States to purchase homes. It has been the philosophy of this administration to carry assistance through the credit of the Federal Government to those groups that are in need of help, and I am glad that this bill continues this policy.

So far as I know, no city in my district will receive any assistance, but other legislation has helped my people, and I am willing to go along to help the very low income group in the cities to have better homes. I cannot agree with the philosophy of my distinguished friend from Massachusetts, for whom I have the greatest affection. I think the time has come in this Nation when our philosophy must change. Federal taxes are collected locally. They should be spent locally to help solve those problems that are local to a large extent but which nevertheless affect our Nation.

Some hesitate to vote for these authorizations and find fault with the gigantic national debt. Great Britain has put on a housing program successfully, and Great Britain has about the same national debt that we have, around $36,000,000,000. The aggregate wealth of Great Britain—that is, the island, not the dominion; England, Scotland, and Wales—is estimated at $130,000,000,000. While our debt is about the same as that of Great Britain, $36,000,000,000, we have an estimated wealth of $360,000,000,000. In other words, our national debt is about one-tenth of our national wealth. Already we see evidence of returning prosperity; we see the Federal income increasing and catching up with the excess of expenditures. Within another year we shall be in that position where our expenditures will not exceed our income. With the wealth of America increasing at the rate of from $10,000,000,000 to $20,000,000,000 a year under the prosperity of this administration, we shall have no trouble in meeting our national debt, especially if everybody has an opportunity to work, is properly housed, and is given—as we have tried to give by these measures—the opportunity to have a home and contentment. It will mean the firm establishment of America as the outstanding representative democracy of the world. If there is one thing above others that promotes Americanism and representative government it is individual home ownership, or lacking that, low rentals of decent living quarters. I am in favor of curing these sore spots, such as slums and tenant farming, and I am in favor of using the credit of the

Federal Government to give to all of the American people, even the lowest and the humblest citizens, the advantages we believe any citizens of America is entitled to have—a home in which to live happily and the opportunity to educate their children. This will make them good American citizens. [Applause.]

[Here the gavel fell.]

Mr. O'CONNOR of New York. Mr. Speaker, I move the previous question on the resolution to its adoption or rejection.

The previous question was ordered.

The resolution was agreed to.

Mr. STEAGALL. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 1685) to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, for the provisions of decent, safe, and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill S. 1685, the low-cost housing bill, with Mr. COOPER in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. STEAGALL. Mr. Chairman, this bill is dual in purpose and in plan. Under one provision of the bill, loans would be made under an alternative provision, grants by a Government Housing Authority to be established, not exceeding 40 percent of the cost of projects undertaken would be made available to local housing agencies. Such local housing agencies would be required to supply 25 percent, and loans would be made available for 35 percent, but loans would not exceed 25 percent of the cost of development or acquisition of projects. This is designed to provide aid to States and political subdivisions in the elimination of insanitary conditions, the eradication of slums, and to provide decent houses for families of low income.

The bill is dual in purpose in that it contemplates relief from unsafe and insanitary conditions both in the cities of the country and in rural and suburban communities. It should be borne in mind that this measure is a first step—a beginning. It is not thought by anyone that the tasks upon which we are about to embark can be adequately accomplished by this measure, but the plan involves a long-range program and would extend the benefits not alone to the larger cities of the country or to a limited number of the largest cities, as has been stated here today, but, if the program progresses as contemplated, its benefits will spread to all sections of the Nation, both urban and rural.

The bill would create a Federal Housing Authority to be established under the supervision of the Secretary of the Interior. An Administrator would be appointed by the President for a term of 5 years, at a salary of $10,000 annually, who would exercise all the powers of the Authority. An advisory committee of nine members, to be appointed by the President, would be created, to be selected with regard to geographical areas and other interests, the members of the committee to receive remuneration only for time spent in meetings and for expenses incurred in attendance.

Under the loan provisions of the bill, $500,000,000 would be made available—$100,000,000 for the first year, $200,000,000 for the second year, and $200,000,000 for the third year—the measure in its financial provisions being intended to cover a 3-year program.

Twenty-six million dollars would be appropriated for the first year of the program, $1,000,000 of which would constitute the capital stock of the Federal Housing Authority. Twenty-five million dollars would be available for grants, for administrative purposes, and for contributions during the first 3-year period of the operation of the law.

Under the loan provision, any local agency would be eligible for loans not to exceed 85 percent of the cost of a proposed project. Fifteen percent would be contributed or supplied by the local housing authority, the same to be in cash or its equivalent. The project constructed would be available to families of low income upon a basis of rent not exceeding one-fourth of the annual salary received by the occupant, where the family is less than three minor dependents, or one-fifth of the income of the occupant where the family has more than three dependents.

The contribution under the loan provision to be supplied by the Federal Housing Authority would be determined with the view to maintaining the low-rent character of the project to accomplish the purpose of relief to families of low income.

It is estimated that citizens with an income as low as $600 a year would be the beneficiaries of the plan and that the benefit would extend to those having salaries between $600 and $1,000 annually.

The contribution by the Federal Housing Authority would be the amount of the going interest rate on Government bonds plus 1 percent, which would be approximately 3½ percent. That would be the maximum contribution to be made. On a million dollars it would be $35,000 a year.

The local housing authority would be required to contribute not less than 25 percent of the amount of the annual contribution or subsidy, to be supplied in cash, tax exemption, or tax remission. Under the alternate provisions of the bill the Federal Housing Authority would make capital grants not exceeding 25 percent of the cost of a project. The President would have authority to transfer an additional grant in the amount of 15 percent of the cost of the project, to be supplied out of relief funds at his disposal. The local agency or housing authority would be required to supply 25 percent of the cost of the project, leaving 35 percent to be loaned by the Federal Housing Authority. In that case, as in the case of the loans under the first plan for which provision is made, the sum of $500,000,000 is available over a 3-year period as indicated.

The same provision would apply to loans under the grant plan limiting such loans to 85 percent of the amount of the total cost of the project, the local housing authority being required, as in the other case of loans, to supply 15 percent of the initial cost.

Much has been said on the floor of the House and elsewhere about the cost to the Government involved in the annual contribution plan of the bill, which provides for annual subsidy contributions over a period of 60 years by the Federal Housing Authority. In the first place, those figures deal with the maximum subsidy or contribution that might be supplied. It should be borne in mind that under the provisions of the bill now before the House the Federal Housing Authority would cast up the account at the end of 10 years and would then determine what subsidy would be required to maintain the low-rent-housing plan contemplated by the bill, and would have authority also to allow contributions that had been contracted for or to withdraw and abandon any contract that had been entered into, and every 5 years thereafter the same provision would apply for reopening the entire matter.

I am sure no one who has spoken or who will speak on this measure would desire to mislead the House or to leave in the RECORD any misleading statements or figures. It was stated on the floor today that this bill would involve considerably more than a billion dollars of burden upon the Treasury as a result of the subsidy provisions of the bill. I am not going to read the figures now but will insert them as a part of my remarks for the benefit of the membership of the House.

Cost of program

Federal bond issue:	
Total principal amount of Federal guaranteed bond issue is	$500,000,000
Total interest thereon at 2½-percent interest during 60-year period	475,000,000
Total principal and interest cost to Government on bonds it issues	975,000,000
Receipts from local housing agencies on bonds which Authority purchases:	
Total principal amount which would be repaid to Authority on the bonds it purchases out of proceeds of its Federal bond issue	500,000,000
Total interest which would be repaid to Authority on above bonds which it purchases at 3-percent interest during 60-year period	580,000,000
	1,080,000,000

Amount of annual contributions which would be made assuming they would be paid for 60 years at an average amount of 2½ percent per year (3½ percent is the maximum), which would be $12,500,000 per year, or for 60 years the amount would be $750,000,000

SUMMARY

Principal of bonds:	
Total receipts for principal on bonds which Authority purchases	$500,000,000
Total principal amount of federally issued bonds of Authority	500,000,000
So Government is repaid in full the principal which it borrows.	
Interest on bonds:	
Total receipts for interest on bonds which Authority purchases (at 3-percent interest for 60 years)	580,000,000
Total interest payments by Authority on bonds it issues (at 2½-percent interest for 60 years)	475,000,000
Net profit to Government on its loans	105,000,000

Extent to which payments for annual contributions exceed profit on loan

Total payments for annual contributions, assuming 60-year payments on $500,000,000 worth of projects	$750,000,000
Less profit on loans	105,000,000
Amount by which aggregate payments of contributions exceed profit on loans over 60-year period	645,000,000

Subsidy expenditure (after deducting loan profit) per year would amount to a little over $10,000,000 on the $500,000,000 program.

Upon analysis it will be found that these figures are not fantastic or imaginary, but, on the contrary, they present a reliable calculation of the final cost over the 60-year period to be sustained by the Federal Housing Authority because of the subsidy provisions of the bill, and the amount, instead of the aggregate that has been proclaimed in the press and elsewhere, would be only $645,000,000 over that period of time.

In the first place, $500,000,000 would be repaid. When you figure the subsidy on a maximum basis you must take from it the difference between the burden sustained because of the bonds issued and outstanding and the amount that would be repaid on loans and interest.

It has been asserted that it would be cheaper for the Government to pay the entire cost of the projects at the outset, because it is said this would only cost the Government $500,000,000. However, the Government would have to issue its bonds to raise this $500,000,000 and would have to pay interest on them at 2½ percent. Assuming these Federal bonds were repaid over a 60-year period, the interest thereon would be $475,000,000, so that the total expenditure by the Federal Government to repay the principal and interest on its bonds would be $975,000,000 under this plan. The proposed annual contribution and loan plan, on the other hand, would involve an aggregate net expenditure over a 60-year period which would be $330,000,000 less than this amount. In short, the annual contribution and loan plan involves a far lesser cost to the Government than an initial contribution of the whole cost.

Mr. LANZETTA. Will the gentleman yield?

Mr. STEAGALL. In just a moment.

Mr. Chairman, we had before us a bill passed by the Senate. Under the provisions of the Senate bill each project was limited to $1,000 per room and $4,000 for total construction, exclusive of land and demolition costs. The committee of the House amended that provision so as to put a limit of $5,000 in each unit of construction. The Members will readily understand it is difficult to undertake by statute to deal with matters of detail of this kind.

If we had set an average of $4,000 or $5,000, there would still have been opportunity for abuse if the Authority had seen fit by allowing larger amounts in some places and smaller amounts in other places. But we raised the limit to $5,000 as average cost of family-dwelling units, which we thought would take care of the difficulties in the larger cities of the country where, if you contemplate houses that will last and houses that will not soon become slums themselves, it would enable the Authority to deal with the condition in a few of the larger cities that presented different problems from those that would exist in the average city. So we put in the $5,000 limit.

We did not stop there. Another limit is a provision of the bill which says that the Housing Authority shall require that a project upon which aid is extended shall not exceed the cost of similar projects undertaken by private enterprise in the same community. This lays down a yardstick to apply to New York or to any town or city in the district of any Member of this House. It is fair and workable and should be satisfactory to everybody.

Mr. GOLDSBOROUGH and Mr. LANZETTA rose.

Mr. STEAGALL. I yield first to the gentleman from Maryland, a member of the committee. I must hurry on. We are necessarily limited in this discussion. I am not responsible for it. I am doing the best I can.

Mr. GOLDSBOROUGH. The limit of the contribution, as a matter of fact, will be something over $11,000,000 a year over the 60 years?

Mr. STEAGALL. No; the gentleman is in error. Under this bill there could be a contribution of $20,000,000 a year. This is the way it is computed, according to the best figures I can get from experts, who know how to figure much better than I. Upon the basis not of $11,000,000 but $20,000,000 of annual contribution I have given the figures I have indicated to the House.

Mr. GOLDSBOROUGH. That could not be true, because the total amount of the contribution would be less than $700,000,000, and if this is averaged throughout the 60 years it would be something over $11,000,000. There is no question about that.

Mr. STEAGALL. I shall put those figures in the RECORD. I have not undertaken to read them here now for the reason that it would take 5 or 10 minutes more time than I desire to use. I recognize the large amount of thought that has been given to this bill by other members of the committee, and I must yield time to them for discussion. Some of them are in better position than I to supply the House with information, anyway.

I now yield to the gentleman from New York.

Mr. LANZETTA. Is it not a fact that the $5,000 limitation in section 15, subdivision 5, practically forecloses slum clearance in the cities?

Mr. STEAGALL. I do not think so, the committee did not think so, and our best advisers did not think so. The complaint has been that this limit is excessive. I would not undertake to say, for I do not claim to be an authority on the subject, but we put this figure in, allowing a thousand dollars additional, in order to be sure that we had not handicapped the Authority in the administration of this bill. However, as I stated a moment ago, the test which is laid down in this bill and which ought to govern the Federal Housing Authority in every instance is to determine the cost of these projects by the yardstick which it can find when it sees what it costs local authorities under private enterprise to construct similar projects in the same localities. This is the best test we could think of, and we put it in the bill. The truth is this bill, like all other measures of this kind, will depend for its success upon the common sense and good faith with which it is administered by those who have charge of it.

We have undertaken to bring this bill to the House in response to the wishes of the House. We have gone about it hastily. There was no other way to do it. However, we have undertaken in good faith to meet the sentiment of this House and of the administration, which has undertaken in the broad scope of its altruistic purposes in meeting the distressed conditions which confronted us a little while ago to extend relief to all classes, to all sections, and to all the people of the United States. I represent a rural section. If there is anybody here who has a community less adapted to receive immediate benefits from the provisions of this bill than mine, I do not know who it is. But I recognize that we are one people and that distress in one community involves every community in the United States. I also recognize that conditions which invite crime and which are inimical to sound social conditions and to good citizenship in any community are the legitimate concern of every citizen under the flag of this Republic. [Applause.]

We have asked the Representatives from our cities to help our people on the farms in the hour of distress. We passed the Reconstruction Finance Corporation Act under a former administration, I may say to the gentleman from Massachusetts, whom I greatly love and respect. Under the provisions of the original Reconstruction Finance Corporation Act the benefits were applied to the insurance companies, the banks, and the railroads of the United States. As the result of the efforts of some of us its benefits were extended to agriculture and from time to time to other interests. This is in pursuit of the plan upon which we then embarked. The motto used to be, "To him that hath, shall be given; and from him that hath not, shall be taken away even that which he hath." We have now an administration which listens to the heartbeat of humanity everywhere. The spirit of the new commandment is enthroned in the administration now in guiding the destiny of this Republic. [Applause.]

Mr. WOLCOTT. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, regardless of what action this Congress has taken in years gone by to give relief to the railroads, to the insurance companies, to farmers, to home owners, and to small industry, that alone is not a justification for passing this bill if this bill is not meritorious. Several wrongs cannot make a single right.

I am supporting this bill because I believe it is meritorious. I know there are many in the House and in the country who are in complete disagreement with me on the stand I have taken. If I cannot justify my stand, then I individually am responsible, for I speak for no one but myself in respect to this bill.

I believe the need for decent, respectable, and sanitary homes for the underprivileged of this Nation has been proven beyond any peradventure of a doubt. If there is any doubt in the mind of anyone of the need for low-cost housing and slum clearance, then he should listen attentively to the rest of the debate, because it is not my purpose to dwell upon the need for this legislation. I believe that a trip through the slum areas of any of our large cities demonstrates the need for demolition of such areas and the construction of safe and sanitary dwellings to replace them.

This bill is not perfect by any means. This bill, perhaps, does not go as far as some of you would like to have it go, and it goes further than some of you would like to have it go. We do not anticipate any trouble whatever with the body at the other end of the Capitol, for the reason that when this bill came to us from them it was just a hodgepodge of inconsistencies. The House Committee on Banking and Currency has worked diligently, and I hope intelligently, during the last 3 weeks to bring order out of chaos.

During the last week we have held executive sessions, we have literally picked this bill to pieces, salvaged what we could of it, added and subtracted and, finally, we present to you the result of our endeavors with the belief that with few exceptions it should be enacted. I hope I shall have the time to call attention to the few exceptions which, of course, are very important, but regardless of what we do here with respect to housing and regardless of what this Congress eventually does during this session, we must have constantly in mind that this bill is merely a foundation upon which we are building a slum-clearance and low-rent housing program. We might better, perhaps, pass a simple joint resolution authorizing the Department of the Interior or the Federal Housing Administration or any other agency of the Government to make a survey of the needs for low-rent housing and slum clearance, to report back to the next session of Congress, which might be in November and, surely, will be in January, and upon their recommendations we might build a better structure than we have constructed in this bill, but that was not given to us to do. So the next best thing is this foundation upon which we hope to build constructively a housing program to meet the purposes of this bill. It is not my purpose to justify the action of the committee, but to go into the bill somewhat in detail, and if time will permit, if there are any questions which the committee thinks I might answer, I shall be pleased to answer them if I can.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. After I have finished my statement, if I may.

This bill contemplates three methods of relief within the restrictions of the act.

The first is by lending the local housing authorities the cost of the development and the acquisition of the project. Now, I wish you would not be confused with the fact that in the same provision, in section 9, I believe, there is a prohibition against the lending of any more than 85 percent of the funds. If a loan is made without a grant being given and without an annual contribution being made by the Federal Housing Authority, that loan, under the terms of the bill, might be for 100 percent of the acquisition costs, the development costs, and the cost of administration; but in the event that the municipality or the political entity set up in the States to administer this relief makes application for, and is given, a grant under section 11 of the bill or makes application for and is granted an annual contribution under section 10 of the bill, in either of these events, the local housing authority, or anyone for or in its behalf must contribute at least 15 percent of the cost of development and acquisition and administration.

The next method of relief, as set up, starting in paragraph 10 of the bill, is by annual contributions. The act provides that these contributions on the part of the Federal Housing Authority must be of uniform amounts, and in that event the municipality, the local housing authority, or whatever other public entity is set up for the purpose of administering these projects, must contribute 25 percent, not of the acquisition, development, and administration costs, but 25 percent of the annual contribution or 25 percent of the amount which the Federal Housing Authority agrees to contribute uniformly over, perhaps, a 60-year period of time to the construction of the project. This contribution on the part of the local authorities might be in cash or it may be in tax remissions or exemptions.

As a further limitation upon these contributions, the localities, within certain limitations, have to agree to demolish existing slum areas or repair existing slum areas to make them sanitary and habitable, and there are some other requirements under the bill which I shall not enumerate.

A further provision in this respect is that the annual contribution by the Federal Housing Authority shall not exceed 1 percent in excess of the going rate of interest on Federal obligations having a maturity in excess of 10 years which, under the going rate of interest, would be 3½ percent per annum. The committee in its wisdom wrote into the bill that in case a loan had been made in addition to the annual contributions, this three and a half percent annual contribution made by the Federal Housing Authority would first be applied against the retirement of that loan and the payment of interest. If the contract covers a period longer than 20 years, after the first 10 years the Federal Housing Authority reviews the contracts and may make such amendments as may meet the situation, and then they may review it every 5 years thereafter.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield there?

Mr. WOLCOTT. May I finish this thought and then I shall be pleased to yield.

We authorize an appropriation of $26,000,000 in this bill, $1,000,000 of which is to create capital for the corporation which we provide to be $1,000,000. The other $25,000,000 is for contributions, because no part of the $500,000,000 which we set up under section 20 of the bill, which is the section authorizing the Authority to issue obligations upon its capital, periodically, not to exceed $500,000,000—these funds raised on the security of the obligations of the Federal Housing Authority can be used only for grants.

The $25,000,000 may be used for administrative expenses, and together with whatever sums are transferred to the Federal Housing Authority by Executive order from any other agency, may be used for the purpose of making these annual contributions.

Mr. HANCOCK of North Carolina. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. HANCOCK of North Carolina. Page 46, lines 13 and 14, the gentleman referred to the period of time a contract might run. If a contract for annual contributions is made for 19½ years, would there be any review of the contract at the expiration of that period?

Mr. WOLCOTT. I think the act speaks for itself, the way it is written. Quoting subsection (c) of section 10, page 46:

> In case any contract for annual contributions is made for a period exceeding 20 years, the authority shall reserve the right to reexamine the status of the low-rent-housing project involved at the end of 10 years and every 5 years thereafter.

I think if the gentleman contends that there is no review if the contract is for 19½ years, he is correct under the terms of this bill.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. LANZETTA. Was there any testimony before the committee as to the unit costs in cities for constructing these low-cost houses?

Mr. WOLCOTT. With due regard to the projects which have been built in many of the cities, we have no yardstick up to the present time by which we might determine the unit cost definitely. We do feel, as I have said, that $5,000 might not be high enough, and we thought that $4,000 might not be high enough; but if it developed between now and January 1, in the study of the whole situation, that $5,000 is not high enough or that $5,000 is too high, and that we thereby get out of the low-income group by reason of that construction, we can correct that difficulty very easily by a simple amendment to this act.

Mr. CROWTHER. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. CROWTHER. I want to inquire in respect to the definition of slum clearance. On page 36, no. 4, I find the following:

> The term "slum clearance" means the demolition and removal of buildings from any slum area.

The original bill, on page 4, in defining the same term reads:

> The term "slum clearance" means the demolition and removal of any buildings from any slum area, and may embrace the adaption of such area to public purposes, including parks, parking areas, or other recreational or community facilities.

Mr. WOLCOTT. Mr. Chairman, I know the gentleman's interest in that amendment, and I hope he will offer that amendment as he has drafted it, because I vigorously fought the elimination of those words to which he refers in the committee. I shall be very glad to support the gentleman. It seems to me that if we build these units on a given piece of property it is senseless to prohibit the use of the vacant property between the units for any purpose, such as playgrounds, parks, parking lots, or anything else.

Mr. CROWTHER. In the case of parking lots and similar developments there would be an accrued revenue.

Mr. WOLCOTT. Regardless of revenue, there is a vast need in these projects for the utilization of this vacant property between the units for playgrounds to keep the children off the streets.

Mr. ANDRESEN of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. ANDRESEN of Minnesota. In the smaller cities and villages throughout the country there are, no doubt, hundreds of thousands of low-income families. Is there any way that these families can get advantage of this act to get homes?

Mr. WOLCOTT. Mr. Chairman, there is no prohibition in the act against the construction of a project under the provisions of the act in any community of any size, provided the locality can meet the requirements of the act, which means as a practical matter that there is no relief in this act as it now exists for small communities, but we wrote in the word "rural", and some of us thought that the word "suburban" should have gone in, but they convinced us that rural included suburban, and we did not write it in; so that if it becomes desirable to build these projects outside of the city limits, to house those who are now cooped up in the city, move them outside of the city limits, they might do so without running into a technicality of the law that prohibited it.

Mr. ANDRESEN of Minnesota. Then there is no hope that we can hold out to our people back home that they can have advantage of low-cost housing?

Mr. WOLCOTT. I have not held out any hope back in the Seventh District of Michigan to my people there that they are going to get any relief out of this bill.

Mr. SHORT. Then the legislation is discriminatory?

Mr. WOLCOTT. Not any more discriminatory, if I have to say it, than legislation which has to do with the welfare of my farmers. And my farmers up to the present time have not found fault at all that their Representative is going along with the representatives of the big cities in trying to clear up these holes that exist in New York, Chicago, Cleveland, Detroit, and wherever else they do exist, and as a representative of the State of Michigan I want to see the slums of my metropolitan area, Detroit, cleaned up, because anything that cleans up Detroit will make my district just north of there a better place in which to live.

Mr. O'CONNOR of Montana. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. Yes.

Mr. O'CONNOR of Montana. I notice the term "public housing agency" is used. Do I understand it will be necessary for each State to pass special legislation to be able to take advantage of this law?

Mr. WOLCOTT. Twenty-nine States have already passed legislation which authorized the setting up of housing agencies. If the States have not always done so, they could, upon application of those interested in the establishment of a local housing agency, provide by State legislation for the creation of a political entity which would meet the requirements of the act.

Mr. O'CONNOR of Montana. I want to say I deeply appreciate the explanation of this bill made by the distinguished gentleman from Michigan. He is to be congratulated upon the knowledge he has shown concerning the details of its operation. Do I understand that a private person or a private corporation or, in other words, owners of property outside of this public agency would not have the right to acquire loans under the operation of this act?

Mr. WOLCOTT. Private individuals or artificial persons, corporations, and so forth, could not take any advantage of the terms of this provision, because there is no authority for loaning to anyone excepting local housing authorities.

Mr. JENKINS of Ohio. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. JENKINS of Ohio. There have been different views expressed with reference to this proposition as to whether all of these projects must be built upon demolished slum areas. I understood the gentleman to suggest it might be possible that a municipality which complies with this law could go outside of any built-up territory at that time and build a new project entirely.

Mr. WOLCOTT. The act provides, page 45, section 10—and this has to do with annual contributions, but the same proviso has to do in another part of the bill with grants:

Provided, That no annual contributions shall be made, and the Authority shall enter into no contract guaranteeing any annual contribution in connection with the development of any low-rent housing project involving the construction of new dwellings, unless arrangements satisfactory to the Authority are made for the elimination by demolition, condemnation, and effective closing, or the compulsory repair or improvement of unsafe and insanitary dwellings situated in the locality or metropolitan area, substantially equal in number to the number of newly constructed dwellings provided by the project.

The committee recommends an amendment adding to that the following:

Except that such elimination may, in the discretion of the Authority, be deferred in any locality or metropolitan area where the shortage of decent, safe, or sanitary housing available to low-income families is so acute as to force dangerous overcrowding of such families.

The CHAIRMAN. The time of the gentleman from Michigan has again expired.

Mr. WOLCOTT. Mr. Chairman, I yield myself 5 additional minutes.

Mr. JENKINS of Ohio. Will the gentleman yield further?

Mr. WOLCOTT. I yield.

Mr. JENKINS of Ohio. Did I understand the gentleman to say that in order for any municipality to take advantage of this proposition, the State legislature must pass some enabling act?

Mr. WOLCOTT. Yes; unless the municipalities are authorized to build these projects at the present time, it will be necessary to pass an enabling act to authorize them to do it, if the State constitution allows it. As I understand, the constitution of one or two States may prohibit it, but that is all. The constitutions of a majority of the States do not prohibit it.

Now, I wish you would let me cover this third method.

Mr. STEFAN. Mr. Chairman, will the gentleman yield for one brief question?

Mr. WOLCOTT. Very well; I yield.

Mr. STEFAN. I am very much interested in what the gentleman has to say in connection with the lower rate of interest on these homes. Does the gentleman in his opinion believe it will set an interest rate on borrowed money from the Government for the building of homes? What I am driving at is this——

Mr. WOLCOTT. I know what the gentleman is getting at, and I hope that it does. I had hoped that within this session of Congress we would reduce the interest rate on H. O. L. C. loans to 3½ percent, but apparently we will not be able to do it.

Mr. STEFAN. We will not be able to take advantage of this in my district, because it is a rural district entirely, an agricultural community, but there are hundreds of homes being foreclosed by the H. O. L. C., with interest rates at 6 and 7 percent.

Mr. WOLCOTT. Will the gentleman wait until we reach that point?

Mr. STEFAN. I would like to go along with you on these homes.

Mr. WOLCOTT. Wait until we reach that section.

Now, the third method of relief is what we know as capital grants. The Federal Housing Authority can contribute 25 percent of the acquisition and development cost, and the President may transfer from relief funds 15 percent of the acquisition and developing cost, making a possible 40 percent grant by the Federal Housing Authority. The act, nothing to the contrary notwithstanding, provides that 25 percent in those instances—now, distinguish between this and annual contributions—in those instances the local housing authority can put up 25 percent of the development and acquisition costs. That accounts for all but 35 percent, and the local housing authority may borrow under the loan provisions of the act, section 9, the 35 percent and pay it back by amortizing it over a period of years, subject to the provisions of the act.

Mr. MAY. Will the gentleman yield there?

Mr. WOLCOTT. I yield.

Mr. MAY. I would just like to know how, under the provisions of this bill, a community in the country can get a house or a man living in the country can get a house.

Mr. WOLCOTT. An individual living in the country, I think for all practical purposes, could not. I do not think we should argue about that very much.

I cannot see any relief for the individual living in a shack on the outside of the gentleman's community or of my community.

Mr. MAY. Another question, if the gentleman will permit. This bill, as a matter of fact, is what is known as a slum-clearance bill, to eliminate the slums in the larger cities.

Mr. WOLCOTT. It has two purposes, the elimination of slums and the providing of low-rent housing for the people who otherwise would have to live in slums.

Mr. MAY. How many cities will be really materially affected?

Mr. WOLCOTT. I would say New York City, Boston, Philadelphia, Pittsburgh, Cleveland, Cincinnati, Detroit, Chicago, and quite a number of points west.

Mr. STEFAN. How about the slums in Washington?

Mr. WOLCOTT. The bill makes distinct reference to alley slum clearance in Washington. If the gentleman will turn to section 28 of the bill, he will see that specific authority is granted to give relief to alley slum clearance in the District of Columbia.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. DONDERO. I have an appeal in my hand from the Emergency Commission of Oakland County, Mich., where a tent city has sprung up because of lack of housing.

Mr. WOLCOTT. I meant to cover that. I have that specifically in mind, and one of the things which induced me to go along with this bill was the low-rent housing feature of it which might relieve just such conditions as we have in Pontiac, Mich.

Mr. DONDERO. Will this bill remedy that condition?

Mr. WOLCOTT. It is possible to do so under the provisions of the bill. [Applause.]

[Here the gavel fell.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. REILLY].

Mr. REILLY. Mr. Chairman, the pending bill is a low-rent slum-clearance measure.

There can be no slum clearance unless the rents are low enough to come within the reach of our low-income classes that live in slums or blighted areas.

In 1929, when our country was going on high, students of our housing problem tell us that about 10,000,000 of our citizens were living in homes unfit for human habitation. The housing situation in this country since 1929 has not improved; in fact, it has been continually getting worse.

Not only has the annual construction of homes decreased greatly since the panic began but hundreds of thousands of slum homes have been demolished, with the result that there is a home shortage that runs up into the millions; in fact, to about 3,000,000.

The pending bill is a recognition of the fact that homes for our citizens in the low-income brackets will not and cannot be built by private enterprise; and if those citizens are to be housed in better living quarters, such a housing movement must be assisted by our National Government.

In other words, in this day and age, when we are becoming one great state instead of 48 individual States, the problem of furnishing livable homes for those of our citizens who

are unable, through their own earning power, to provide themselves with such homes has become a national problem.

Since the beginning of the panic the National Government has attempted, through several agencies, to improve housing conditions. The Reconstruction Finance Corporation, the Home Owners' Loan Corporation, the Public Works Administration, the Federal Housing Administration, the Resettlement Administration, and the Subsistence Homesteads Corporation have all been designed to help solve our housing problem—a problem that pertains not only to the furnishing of homes for those who are able to pay for the cost of said homes, but also to the furnishing of homes for those of our citizens who are unable to finance the full cost of their homes.

The Reconstruction Finance Corporation has loaned millions of dollars at a low rate of interest to limited-profit corporations for the construction of homes.

The Public Works Administration has spent $135,000,000 for the construction of 21,769 unit dwellings.

The Federal Housing Administration has insured loans for the modernization and repair of about a million and a half homes in our country, and has insured mortgages for the building and refinancing of homes to the amount of $500,000,000, affecting 125,000 homes. This Corporation is insuring mortgages for the financing of new low-cost houses at the rate of 1,500 a week.

The Home Owners' Loan Corporation has saved from foreclosure hundreds of thousands of homes.

These different agencies, however, for the solving of our home problem, have not been able to provide homes for the lowest-income classes; that is, with incomes below $1,000 a year. The pending bill is designed to attempt to solve the problem of furnishing homes for that class of our citizens whose earning power will not enable them to pay the cost of building and operating decent living quarters.

The slum problem has two phases: It involves not only the use of homes by our citizens that are unfit for human habitation but also the problem of several families living in such a home.

There can be no doubt at all but that our slum problem would not be so serious today if only one family would live in a single slum dwelling; but the depression and the demolition of slum dwellings under State and municipal authority, and by the owners to avoid taxes, have resulted in an overcrowding of the slum homes of the country.

The pending bill is designed not only to assist States and their political subdivisions in working out their slum problems; but also to provide work for our unemployed.

In 1929, there were probably 2,500,000 mechanics and laborers employed in carrying out a home-building program; and while building operations have greatly improved since the panic, still there are over a million of our citizens formerly employed in the building industry who are today without jobs.

In the 7-year period from 1923 to 1930, inclusive, there was an average of 447,000 new homes constructed in cities of 25,000 inhabitants or over annually in this country; while in the 7-year period from 1930 to 1937, inclusive, the average number of homes constructed in this country was only about 74,000 a year.

So, in the pending bill, the aim is not only to help housing conditions of our low-income classes, but also to provide increased employment opportunities.

Those who have studied the question believe that there ought to be constructed each year in this country, for some years to come, at least 500,000 homes to fulfill the demand for new homes and also to take the place of the slum dwellings that should be eliminated from our housing picture.

The slum-clearance problem is not only a problem involving the furnishing of suitable living quarters for those of our citizens who are unable to provide such quarters for themselves, but it is also a health problem, a crime problem, and a financial problem for the cities involved.

The death rate from tuberculosis in slum areas is about 200 percent higher than in nonslum areas. Delinquency is about 100 percent higher in slum sections of our cities than where slum sections do not exist, and the areas in which slums are located cost the cities from 5 to 10 times more for the services rendered such slum communities than the cities get back in taxes.

To illustrate, a slum survey made in Cleveland in 1932 shows that 2.47 percent of the population of that city living in a slum area representing 0.73 percent of the total land area of the city paid taxes amounting to $225,035, while the city spent for maintenance in that area $1,972,000; or, in other words, the slums cost the city of Cleveland $1,747,000 a year.

In 1933 a study of a substandard area was made in South Boston, Mass. This area comprised 769 families. The tax receipts from the area were $27,093, while the expense the city was put to in maintaining the area, as regards city services, amounted to $275,113.

These figures are typical of the cost of slum areas in all cities of the country, and indicate that the cities that have slum areas can well afford to pay a substantial part of the cost of eliminating such areas.

The pending bill creates within the Department of the Interior a corporate agency known as the United States Housing Authority, with all the powers of the Authority lodged in an Administrator, to be appointed by the President, by and with the consent of the Senate. This Administrator will serve for 5 years and receive a salary of $10,000 a year. The Senate bill provided for an Administrator and a Board of three directors.

The bill also would bring into being an Advisory Board of nine members, to be appointed by the President, with due regard to representation of public housing, labor, construction, and other interests, and to the varied geographic areas of the country. This Board is to serve without pay, except for traveling expenses, and is to meet at the call of the Administrator.

The pending bill will decentralize the housing activities of the Federal Government by putting up to local housing authorities the task of working out their own housing problems with the aid and assistance of the Federal Government. Housing activities of the Federal Government up to date have all been centralized in Washington. Under this bill there will be no more construction of homes by the Federal Government, but there will be a non-Federal program to be worked out and operated by local housing authorities.

The bill provides for loans, annual contributions, and capital grants by the Federal Government to local housing authorities for the purpose of assisting the local housing authorities in providing low-rent homes for the lowest-income classes. The sum of $500,000,000 is provided for loans during the period of 3 years. This money is to be raised on the part of the Federal Government by the sale of United States bonds issued by the United States Housing Authority, said bonds to be guaranteed as to principal and interest by the United States Government. These loans are to be repaid in full, with interest at not less than the going Federal rate of interest, plus one-half of 1 percent, and no loan is to be made in excess of 85 percent of the cost of the project, thereby requiring the local community or housing authority to stand 15 percent of the total cost of the housing project when there is no grant. The loans are to be secured by a first lien on the revenues of the projects of the local agencies and also by a pledge of the annual contribution to be paid to such agencies by the United States Housing Authority in the shape of annual contributions.

When a housing authority has secured a loan or entered into a contract for a loan it is also entitled to receive annual contributions from the Federal Government for a period of not to exceed 60 years. Annual contributions are limited to the sum necessary to make the housing project a low-rent project, and in no case can such contributions exceed a sum equal to the going Federal rate of interest on Government bonds plus 1 percent, which, according to the present Government bond rate of 2½ percent, would make the

annual contribution not in excess of 3½ percent of the cost of the project.

When loans are made by the Federal Housing Authority to local housing authorities, the local housing authorities are required to pay 25 percent of the annual contribution required to make the project a low-rent housing project. This contribution can consist of cash, land, community facilities for services for which a charge is usually made, or general or special tax remissions or exemptions.

Under the bill, the local housing authority may receive a grant to finance a slum-clearance program. The grant is limited to 40 percent of the cost of the low-rent housing project—25 percent from the United States Housing Authority and an additional 15 percent under an order of the President transferring relief funds to assist in financing the project—but it is also provided that the local community must furnish 25 percent of the total cost of the project. Having made the contribution of 25 percent to the project and having received the grant of 40 percent, the local housing authority would still be entitled to a loan of 35 percent, upon which it would have to pay interest to the Government.

It is contended that the National Government has no interest in solving our slum-clearance problem and that it should not be expected to furnish funds for such purpose. Ever since the World War, and particularly since our panic broke in 1929, we are a new world—a new Nation. Our ideas of isolation and individualism have to a large extent undergone a change, especially since the passing of our unbounded West, that made it possible for the derelicts of our industrial and social system to find new homes and new opportunities. We have become one great family. Every one of our 48 States is now interested and concerned in the welfare of the citizens of all the States of the Union. That is the new idea upon which recent legislation is based, the idea of the general welfare of all of our people—of our whole country.

I take it, from the standpoint of crime alone, the Nation is interested as a whole in the elimination of the slums of our cities where criminals are bred. Criminals know no State boundaries, and it is of deep concern to all of our people whether or not the slums of our country are going to continue to produce criminals instead of law-abiding citizens.

The crux of this bill are those sections thereof that fix the financial responsibility of the National Government and the local communities in the financing of slum-clearance programs.

The Wagner bill, as passed by the Senate in the last session of Congress, did not provide for any local financial assistance in carrying out slum-clearance programs other than what the cities might see fit to offer. In other words, the whole financial responsibility for financing slum-clearance programs was put on the Treasury of the United States.

The Wagner-Steagall bill of the present session was very similar to the old Wagner bill, and left the financial burden of slum clearance upon the United States Treasury.

Under these bills, the Treasury would offer grants, provide loans, and also provide annual subsidies to housing projects in order to make low rents possible. In other words, the theory of housing legislation, up to this session of Congress, was that slum-clearance was a national problem, to be financed almost entirely by the United States Government.

I cannot agree with the theory that slum clearance is a national problem. The slum problem is fundamentally a local problem, and the cities that have slums should be required to make substantial contributions to the total cost of all slum-clearance projects.

The Senate amended the Wagner-Steagall bill so as to provide that local communities should pay 5 percent of the total cost of a slum-clearance project and 5 percent of the total annual contributions required to bring about low rents or rents within the reach of slum dwellers.

The bill now before the Committee provides that the local communities must make contributions up to 25 percent of the total cost of the project when grants are asked for; 15 percent of the total cost when loans are received; and in the case of loans, 25 percent of the total annual contributions required to make the low-rent projects possible.

This bill as now written recognizes that the slum-clearance problem is primarily a local problem, or at least more of a local problem than any housing bill heretofore has recognized.

If I had my way in writing this bill, there would be no requirement for a contribution by local communities toward the total cost of the project, except in the case of grants, unless the city was able to make such a contribution. In the case of loans I would loan money to build the projects up to 100 percent, but I would put upon the locality or the local housing authority the obligation of furnishing one-half of the annual contributions required to make a low-rent project possible.

The great drain on the United States Treasury under these housing bills is the annual contribution that will have to be made by the Treasury in order to bring the rent of these dwellings within the reach of the people that they are intended to serve. Only by requiring major local assistance or contributions will it be possible to hold down the unit cost of the dwellings in our large cities and thereby protect the Treasury. Under such a law no city would permit the construction of slum homes that would cost eight or nine thousand dollars per family unit; and I doubt if slum homes would be constructed on land that costs four or five dollars per square foot.

In many of the housing projects that have been undertaken by the National Government the past few years, the unit cost of homes has been as high as six, seven, eight, and nine thousand dollars and even higher. The pending bill will limit the cost of units to $5,000. This limitation of $5,000 was put in because of the fact that the cost of construction in large cities is higher than in small cities.

Our slum problem is a tremendous problem. Under the Wagner bill, if we were going to go the whole road, it would take probably $60,000,000,000 to wipe out the slums of this country. This amount would be required for capital grants, loans, and annual contributions, and all without any requirement that the local communities assume their fair share of the cost.

Under the pending bill the load will still be a heavy one for the National Treasury—too heavy, in my judgment.

I do not pretend to be an expert on slum housing; but it would seem that the houses for our lower-income classes should be built for less—much less—than the sum that was expended in constructing such homes in the past few years.

Cities of this country and the National Government are confronted with a condition and not a theory in solving their slum problems; and the building of homes that cost $8,000 or $9,000 for housing people who can only afford to pay $3, $4, or, perhaps, $5 a month per room is, in my judgment, to say the least, highly impracticable and all wrong. The great mass of the families of this country who own their own homes, or pay their own rent, live in homes that cost about $4,000 to build—land and all—and if this program is to be successful and the Treasury of the United States is not to become bankrupt, we must have a real low-cost housing program—a housing program that will build homes for our low-income classes such as they would build for themselves if they had a higher income.

Of course, construction costs will be higher in the large cities of the country than in the smaller cities, but I wonder if it is necessary to rebuild homes on old slum sites where the land costs $4 a square foot or about that price.

In England, where a very successful slum-clearance program has been carried out, only 1.7 of the low-cost homes were built on slum sites; and in London less than 13 percent of slum-clearance structures were built on the old slum sites.

I must confess that I do not know just what affect it is going to have on our unaided slum dwellers who are not taken care of under the slum-clearance programs when they learn that some of their more fortunate slum dwellers

have been provided with magnificent homes by their State and National Governments.

Will not such a program have a tendency to make these unaided slum dwellers dissatisfied?

Of course, this bill, during the 3-year period when $500,000,000 will be loaned for constructing low-rent homes, will hardly put a dent in our huge slum-clearance problem.

I do not pretend to know, but I do feel that some way can be found whereby our low-income classes will not be provided with better homes than the great masses of our American people are able to live in.

I am not satisfied with this bill; I think it has not gone far enough in placing the financial responsibility for slum clearance on the cities; but legislation is the result of compromise; one cannot always have his way in the committee or on the floor of this House. While the bill has not gone as far as I would have it go in the way of protecting the United States Treasury, still, it is a great improvement on the original bill, and I am going to vote for it.

Mr. WOLCOTT. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. A few moments ago it was announced over the radio that the Governor of Alabama had appointed his better half—and I use that term advisedly as it is based upon reliable information—to a vacancy which exists for that State in another body. It is also reported that the new Senator is flying to Washington so as to be sworn in this afternoon, thereby obviating any unnecessary leakage through loss of time.

St. Paul says, "But if any provide not for his own and specially for those of his own house, he hath denied the faith and is worse than an infidel." If that be the yardstick by which we shall judge the act of the chief magistrate of Alabama, we can but arrive at the conclusion that he is a fine, Christian gentleman.

I am sure that I speak for every Member of this body when I express the hope that it will not be necessary for the new Senator from Alabama to go outside of the immediate family for the help necessary to efficiently conduct the office upon which the new Senator is about to enter.

In this era of reckless spending by public officials, whose first concern should be the safeguarding of the public purse but who do not know the word "thrift", it is, indeed, refreshing to see one arise from the mesa of waste and extravagance and set for us an example that is without parallel in all the annals of American politics. If we had more men like the Governor of Alabama there would be no need for voting huge sums for relief, for then every American family would be on a self-sustaining basis. Should I say, "May his tribe increase." Perhaps we should leave that question to be decided by another body. [Applause.]

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Tennessee [Mr. TAYLOR].

Mr. TAYLOR of Tennessee. Mr. Chairman, I subscribe 100 percent to the sound American doctrine so ably expounded by the distinguished gentleman from Massachusetts who addressed the House on the rule this morning. I am definitely opposed to this measure. Instead of this being a housing proposition, it is a scheme whereby a preferred few may live at the expense of the taxpayers of the Nation through the instrumentality of Government paternalism.

If this class of legislation falls within the scope of the general-welfare clause of the Constitution, then our founding fathers utterly failed in their attempt to protect either individual or States' rights. The power to handicap and tax the individual is, indeed, the power to destroy. That abuse is camouflaged and subterfuged in this bill. Our founding fathers realized the strength of unity and to preserve unity they proposed a union of the States; however, the colonists refused to join that union until their local self-government and individual rights were amply protected. If the colonists had thought Congress might ever place any such construction upon the welfare clause as is clearly implied in the pending measure, there would have been no union. If we pass this legislation and the courts uphold it, then Congress shall have all power except that granted the Executive and the courts; and all other rights reserved to the individual and to the States will be of no avail, which in its final analysis means that the Constitution might as well be declared null and void and discarded.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Tennessee. I am sorry; I do not have the time.

This legislation proposes to build homes for one group of individuals who have nothing to tax and then tax a second group of individuals, many of whom have a lower income than those who will be benefited, in order to subsidize and benefit the first group. And by reason of the fact that the third or remaining group can buy the tax-exempt bonds proposed in this bill the burden will be placed upon those least able to pay—all in the name of social welfare. The folly and stupidity of such legislation is appalling when you consider the fact that it is not proposed to build homes at a price that individuals of low income could buy and call their own, but rather to rent at a monthly rate for the remainder of their life, at a sum total that they could buy and own a home of their own and for less money. I am opposed to any such travesty in the name of social welfare.

While this bill purports to provide decent housing for those in the very lowest income classes, the language of the bill gives no such assurance. Experts of the housing authorities who appeared and testified at the hearings said that slum dwellers with incomes under $750 would not qualify under this legislation. They testified that those earning from $750 to $1,000 yearly were the ones who would receive the benefits. If this is true, the very purposes of the bill would be defeated by absolutely no relief being provided for those in the lowest-income brackets. In providing housing for those in the lowest-income group there would be no competition on the part of the Government, since those in that group could not possibly be able to buy a home or pay more than a nominal rental. But if the use and occupation of these homes are to be confined to the $750 to $1,000 group the Government will enter directly into competition with private industry. It is a well-known fact that private industry is today building low-cost houses for wage earners in that group.

While on the subject, Mr. Chairman, I again want to register my voice against the issuance of any more tax-free bonds. At a time when Congress is supposed to be busily engaged in trying to enact stop-gap legislation to plug income-tax loopholes, to propose to issue more tax-exempt bonds seems to me to be most ridiculous. The time has come to reduce our national obligations instead of creating more bureaus to find ways to spend more and more of the taxpayers' money.

The theory and academic objective of this legislation is ideal, but the manner and method of accomplishing it is nothing but pure pork and hocum. We have had commission upon commission to study the problem of slum clearance, and how many of their recommendations do we find in this bill? The sum total of this bill is to pay off a political promise of one faction of a political party to gain the votes of two particular segments of a great city, which should be able to clean out its own slums, if any city in America can.

What answer has the proponents of this bill as to the justice of building luxurious and expensive homes for slum tenants on the north side of the street, who pay no taxes, and refuse those on the south side of the same street, some of whom of a lower-income group are struggling, half starving, denying themselves the comfort of a bathtub, electric heat, water, and lights, and the pleasure of a radio in order to pay for a humble home of their own? What justice, pray tell me, under law, is theirs, when you propose to tax and take from these self-denying and deserving citizens their few talents and give to those whom some bureaucrat

might choose to reward because they use cosmetics, keep their hair combed, and their pants pressed?

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Tennessee. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. I am wondering, if we pass this bill, if there could be any hope of any building being constructed for anyone in my congressional district, with which the gentleman is acquainted.

Mr. TAYLOR of Tennessee. Knowing the gentleman's district as I do, I can certainly assure the gentleman that it will receive no benefits whatever under this legislation, and neither will mine.

Mr. ROBSION of Kentucky. I understand that more than 90 percent of the homes of the United States cost less than $4,000. What is the sense, the reason, or the justice in taxing persons who have saved and economized in order to buy their own homes so that $5,000 homes may be furnished to those who pay no taxes?

Mr. TAYLOR of Tennessee. That is exactly what I am trying to point out.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. TAYLOR of Tennessee. I am sorry, I do not have the time to yield.

Mr. BARRY. The gentleman has just yielded twice.

Mr. TAYLOR of Tennessee. I have only 10 minutes, and I shall not be able to finish in that time. However, I will yield to the gentleman.

Mr. BARRY. The gentleman claims this is legislation for a preferred class. Does the gentleman believe that any of the legislation we have passed to aid the farmers is justified, and, if so, wherein is any difference in principle involved?

Mr. TAYLOR of Tennessee. We did have some hope of recovery in that legislation, but we have very little in this.

Mr. BARRY. We gave $4,000,000,000 in subsidies to the farmers, but here you are going to get your money back.

Mr. TAYLOR of Tennessee. I cannot yield further.

Does the Government proposed to observe the injunction of the Constitution to treat all citizens with equal justice? If so, then when and how will homes be built for all citizens of the lower income group? If you build for some, will the others continue to sacrifice in order to build a home of their own, or will they surrender and wait for Uncle Sam to provide for them. What would you do—you who propose this class of legislation—were you of that group?

If the prices of building material are too high now and still rapidly rising, and building wage scales are frozen far above the average, as is claimed, then what inducement would there be for the owners of slum houses to rebuild, or what chance has an individual to build a better home, if the Government proposes to guarantee hundreds of millions of dollars of bonds to increase competition by subsidizing and increasing the demand for labor and materials? Let the proponents of this so-called housing bill answer that. If the Government fosters any such scheme as this bill proposes, it must be prepared to meet a crisis in the real-estate bond market. It must be prepared to take care of those now employed by private contractors and individual home builders. It must be prepared to care for the many thousands now employed by the durable-goods industries and the common carriers, who are now busily engaged as never before in time of peace and plenty. Oh, my friends, penny-wise and pound-foolish is certainly the philosophy of this bill.

Mr. Chairman, as an illustration of the fallacy of this sort of Government paternalism, I want to read you a dispatch by the Associated Press under an August 6 St. Louis date line:

Tenants of a 252-unit apartment, Neighborhood Gardens, built as a P. W. A. slum-clearance project, faced an unwelcome rent increase today and threatened a controversy that finally may be placed in the hands of Public Works Administration officials.

J. A. Wolf, managing director of the $742,000 apartment and one of the organizers of a limited-dividend corporation which constructed the housing project with the aid of a P. W. A. loan, said he was "sorry about it", but the rents, ranging from $18 to $38 monthly, "must be raised."

Wolf explained rent receipts thus far only have been sufficient to pay interest on the $640,000 Government loan and taxes. Nothing has been paid on the principal of the loan. Even with a 10-percent rent increase, he said, it will be years before the investors, who contributed $102,000, receive even a part of the interest on their money.

Indicating that the rent controversy may be submitted to P. W. A. officials, Wolf remarked: "The P. W. A. has the first mortgage and the last word."

The apartment was built to provide housing facilities for families with an income from $60 to $80 a month. The average monthly income of present tenants is $125 a month.

That, my friends, is a fair example of what you may well expect from this sort of paternalistic and so-called social-welfare legislation. Are we unmindful of the experiences of the Resettlement Administration? I believe it was in Houston, Tex., where about 300 houses were built and shortly after the tenants moved in the paper began to wrinkle, the plaster fell from the walls due to green laths, the floors shrunk, and holes appear all around the plumbing for the vermin to enter the houses. The roofs all leak on account of the lack of sufficient shingles. The tenants called a protest meeting and declared that they would neither move nor make any further payments on the purchase price. This is only one instance illustrating the folly of this sort of Government activity.

Another instance showing the wholesale waste and extravagance practiced in Government housing ventures is the Greenbelt project, better known as Tugwelltown. This famous, or rather infamous, experiment is located 15 miles from Washington in the State of Maryland. At the suggestion of Senator BYRD, I recently drove out to Tugwelltown to look upon this fantastic monument to Government folly. Tugwelltown was established for city workers, and yet the Government purchased 12,345 acres of land at a cost of $1,119,957.79, an average of $90.72 per acre, and also an average of 14 acres for each house. The acreage consists mostly of poor pine thicket forest. I have seen much better land sell in Tennessee for from $15 to $20 per acre.

The project comprises 880 units, at a cost of $16,182 per unit. According to a report from the General Accounting Office $456,603.50 was spent for landscaping, $120,819.81 for survey, and $198,850.17 for land preparation. Twelve architects were employed to design the buildings of this Utopian city at salaries of $12,000 per year each. Already a total of more than $14,000,000 have been spent on Tugwelltown, and so far none of the building, while completed, have been occupied, and I seriously doubt if a large part of it will ever be occupied. Mr. Chairman, what possible justification in common sense can there be for such a prostitution of the taxpayers' money?

My friends, I could give an example of a similar project near my own home, but what is the use? The story is always the same when the Government begins meddling in private business and private affairs.

Mr. Chairman, why should more than 10 percent of this money be spent in any one State? What assurance have we that the price of materials and wages will not be increased on each project after building is once begun? What assurance have we that defective materials used and resultant damages will be paid for by the contractor? Why are large families not provided for? They are certainly more in need. Then, Mr. Chairman, there should be some provision in this legislation, if it is to pass, forbidding the buying the land from option or lease holders. There should also be a provision forbidding anyone paying income tax to occupy such homes or apartments. Contractors should not be allowed to import labor from one State to another where wage scales are higher or lower. And finally, these homes should not be built for rent, but for sale, and upon no other condition.

Mr. Chairman, this legislation is unconstitutional. It is both paternalistic and socialistic. It will seriously jeopard-

ize the real-estate bond market and is calculated to bring about the greatest crisis in the history of this country. It is a blow to private initiative. It places a burden upon those least able to pay. It is an unfair discrimination among honest law-abiding citizens. England, Germany, and Italy are today engaged in a terrible struggle to bear up under just such an impossible burden.

My colleagues, without any disposition to be presumptuous, I admonish you before you vote on this bill to consider the fallacy of giving to one group of our citizenship the privilege of enjoying at the expense of the taxpayers $4,000 homes equipped with every modern convenience, such as private bath rooms and sundry other conveniences, while many of your constituents live in small cottages which they are struggling to own, and in order to do so are making many sacrifices upon which this favored group would look with scorn and contempt. The sooner we get away from paternalism and get back to individual initiative and individual responsibility—call it rugged individualism or what not—the better for this great country of ours. [Applause.]

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. DUNN].

Mr. DUNN. Mr. Chairman, I agree that this bill is meritorious. It seems to me if we spent more money for slum clearance and less money for the manufacture and sale of guns and bullets to be used to destroy human life, we would be making more human progress.

Give men and women employment and pay them an adequate wage and they will not be compelled to live in the slum districts.

Last year we spent approximately $15,000,000,000 to enforce the law against crime—if we were to spend one-third of that amount for slum clearance and other necessary projects we would eventually reduce that tremendous sum which we spend for the enforcement of law against criminals.

Slum districts are an abomination—they should be wiped from the face of the earth.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. HANCOCK].

Mr. HANCOCK of North Carolina. Mr. Chairman, I regret that my views relative to this bill, in the form reported by our committee, is at variance with the views of a majority of my colleagues. As many Members of this body know, I have for several years ardently favored a genuine slum reclamation and low-rent-housing program. In early January, I introduced a bill to commence, in a modest way, such a program; but, as things go here, it has been pigeon-holed all these months. The present bill has been considered under the most difficult circumstances. We have been prodded and urged, for the past 10 days, to get out some kind of a housing bill, and that is about the best that we have done in presenting this measure. For the first week of our deliberations we were making real progress in the preparation of a housing measure which would really clear slums and assist in providing accommodations for the underprivileged, starting with the lowest-income groups. Then, almost suddenly last Friday afternoon, practically all of our work was set at naught by certain amendments proposed by the chairman at the request of the Housing Division of the Public Works Administration. The effect of these amendments could not be known until the bill was printed, for no member of the committee ever saw one of them, with the exception of the chairman, until the printed bills were available Monday morning of this week. Even at this hour, I venture the assertion that there is not a member of the committee who would stand here in the Well and tell you that he understood this bill in its present form. This is not intended as a reflection upon the intelligence of any member of the committee, but is merely related to emphasize the problem which has faced us in our desire to bring to the floor a sound and workable measure.

This bill is an entirely different bill from the bill which has passed the Senate. It is entirely different for the reason that the primary objective as stated by Senator WAGNER, to-wit, a bill to bring about slum clearance in America, has been sidetracked in behalf of a general housing bill. No longer does slum clearance go hand in hand with low-rent housing. A hurried reading of the bill may indicate that the purposes are alike, but if you will carefully analyze and digest its provisions you will immediately see that this bill makes slum clearance of secondary importance. For that reason particularly, and because of the high dwelling unit cost of $5,000, exclusive of land, I could not in good conscience support the measure unless certain amendments which I shall offer under the 5-minute rule are adopted. Throughout the hearings, and until Friday afternoon, it had been my earnest hope and sincere desire that I might stand here today and vigorously uphold this measure. We all know that its social and humanitarian objectives are laudable and in keeping with a Christian civilization. There is not a man here who does not want to see the good people of our land provided with decent, safe, and sanitary dwellings. But in matters of this kind, we must use our heads and our good judgment. In our family experiences, there are many things which we need and want for ourselves and our children but which, because of financial reasons, we must postpone. We must, as officials of the Government, remember that all we do for one class of our people is done at the expense of another class. We must also be mindful of the fact that there is a limit to Government spending and Government financing, regardless of how meritorious the objectives may be.

In considering this measure I laid down for myself six cardinal principles which I felt should be observed to insure the success of the program, and with your permission I would like to read them to you.

First, every reasonable limitation possible should be written into the bill to insure that public housing accommodations are made available to those in greatest need of assistance. The underprivileged can and should be taken care of in this great country, but no permanent socialistic housing schemes to accommodate half the families in the United States should be permitted.

Second, local collaboration and contributions in the form of cash, land, public utilities, services, tax remissions and the like, plus real acceptance by local authorities of the responsibility for demolishing unsafe structures, the preventing of overcrowding and the renting of insanitary quarters, and provision for zoning and planning activities. There is no point in spending money from the Federal Treasury in housing grants or annual contributions unless local authorities are willing to do their part in raising housing standards and taking care of their own underprivileged.

Third, definite restrictions should be laid down as to the type and cost of structure to be built by local authorities. There is no excuse for public housing accommodations being elaborate or pretentious or better than those occupied by the average home owner and taxpaying citizen. Further, by keeping such housing as is assisted by Government grants and subsidies of simple design and modest materials, each dollar provided by the Government can serve more families.

Fourth, demonstration projects, to be built, owned, rented, and administered by the Federal Government, should not be authorized in any way, shape, or form. Permanent Federal Government landlordism and janitorism should never be part of the policy of the bill.

Fifth, the housing program will be administered either by an independent agency, with a board of directors responsible to Congress, or, if a single administrator is used, there should be included a nonsalaried but statutory advisory body which will assist in the determination of policy and in restricting public housing to the field which it should properly occupy.

And, sixth, in assisting the lowest-income groups, proper rent relief must be made available to worthy underprivileged or unemployed families. Such rent relief must be coordinated with local housing activities and, if properly administered on a local basis, the underprivileged can then obtain decent, safe, and sanitary quarters either by renting

properties now in existence or properties which may be built by local authorities with guidance or financial assistance from the Federal Government. It is proposed that one uninhabitable or slum unit be demolished or renovated for each new unit constructed with the aid of Federal funds.

Any man who is familiar with the provisions of the bill before us is obliged to admit that none of these objectives are substantially insured in this bill. I am hopeful, however, that before the day is over the House will adopt certain amendments, which I shall propose, to make the bill sound, fair, and workable.

At this point let me tell you that neither before the Senate committee nor the House committee has a single representative of the Treasury Department appeared to approve the financial provisions of this bill. Their absence can tell but one story, and I leave you to draw your own conclusions. I shall undertake to discuss these provisions later on, though in the limited time I am sure that I will not be able to do more than touch the high spots.

No one can truthfully say that this administration has not manifested a sincere and robust interest in housing, and particularly in slum clearance. The results, however, are disappointing, and we all know that up to now the program has been one of conflicting policies and administrative confusion. No man in the United States, in my opinion, is more keenly aware of our housing deficiencies than our great President. Adequate and decent homes for workingmen's families continue to constitute one of his leading objectives. But his hastily planned experiments in this field have produced disappointing results and, in some quarters, complete disillusionment. There are, however, perhaps extenuating circumstances for every major delay the program has encountered, and I am convinced in my own mind that unless this bill is materially amended the program will continue a conglomeration of incongruous schemes, practically all of which are unsound economically. The consequent bewilderment within the building industry and private financial institutions, from which the chief impetus for a real, extensive home construction movement must come, has partially offset the stimulating effect these demonstration projects might otherwise have had. Despite the miscarriage of numerous plans that have been launched in the name of low-cost and low-rent housing, I feel confident that the organization of a fresh attack upon these problems remains a most important step in our long-sought industrial renaissance.

No modern country can expect to attain a balanced economy while millions of idle men live in hovels and large sums of capital lie dormant in lock boxes. The administration's fumbling in this matter—and my criticism is intended to be constructive, and I also share my part of the blame—is no doubt a result of trying to solve a great social and economic problem by emergency technique. We all know that whenever a government plunges into a task of such complexity and with so many ramifications, financial and otherwise, without a well-defined objective or realistic planning, it is likely to make costly mistakes.

Though it may be strictly a local problem, I cannot but feel that the Federal Government should concern itself with slum clearance, and I am perfectly willing to see the Government make reasonable subsidies to get rid of these crime and disease-spawning areas. I do not believe, however, that the Federal Government is able to finance a low-priced housing program which would take care of one-third of our families frequently referred to by President Roosevelt as "ill-fed, ill-clothed, and ill-housed." I think it would be naive to suppose that all slum dwellers can be rehoused in new, municipally owned flats, financed by the Federal Government. It takes little sense to know that such a program would mean a heavy drain upon the taxpayers, many of whom cannot afford new homes for themselves.

I cannot but feel that simple equity suggests that a great many families in the very low-income brackets, as their disease-infested hovels are razed, will have to find quarters in decent, second-hand houses; and if we will stimulate and encourage home building through private finance an increasing number of such dwellings will be available and can be provided for families with moderate incomes. For each house built in this way the vacated home becomes available for those in the lower-income brackets, and in this way we can partially offset the shortage of low-cost housing. As I have heretofore stated, we have not so far had any public housing agency to demonstrate the practicability of a low-cost housing program.

Mr. CURLEY. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. Kindly let me finish my statement.

Mr. CURLEY. For just one question on that point?

Mr. HANCOCK of North Carolina. All right.

Mr. CURLEY. We have now a low-cost project in operation—the Harlem River project, where they only pay $7.50 rent per room per month.

Mr. HANCOCK of North Carolina. That is no low-cost housing or low-rent housing, either; and I venture the assertion that if you will examine the record carefully you will find that every dwelling unit in the project costs more than $7,000 per unit, excluding the cost of the land.

And may I ask right here, how any of you could justify appropriating public funds for building projects of this kind which are superior in advantages and facilities to 75 percent of the homes occupied by your constituents, which they built with their own money and by their own self-denial and frugality.

Mr. WHITE of Ohio. And what about the 45-percent subsidy?

Mr. HANCOCK of North Carolina. I venture the assertion that if my friend from New York will examine the financial structure of the project that he mentioned he will discover that before the rents could be reduced to what he considers "low" that the Government—or P. W. A., which is the same—was forced to write off 45 percent of the cost as a grant.

Now, Mr. Chairman, may I move along.

Under section 3 of the bill there is created in the Department of the Interior and under the general supervision of the Secretary, a body corporate of perpetual duration—for this is to be a permanent organization—the United States Housing Authority, who is to have sole control and power in the administration of this novel and gigantic undertaking. Though this Department is perhaps the best qualified agency of the Government for the administration of this bill, no one who has reviewed its record in housing could possibly be satisfied that it yet understands the housing game. A record of its accomplishments to date can be found on pages 11835 and 11836 of the CONGRESSIONAL RECORD of this session. Any agency can build fine dwelling units if the funds are unlimited.

I do not mean to leave the impression that there are not many competent and capable men connected with the Housing Division of the Public Works Administration, and in fairness to this agency I want to repeat that its work up to now has been of an emergency character, with the primary objective of putting men to work rather than building sound, low-cost, economical dwelling units.

For myself, regardless of the social-welfare aspects of such a program, I could never feel that I had done what was right, honest, and fair if I voted for any measure that authorized the Federal Government to furnish any particular class of our people homes of a superior quality and character to those built and owned by the frugality, self-sacrifice, and savings of the average citizen of America. [Applause.]

Mr. Chairman, this bill has no parallel in any civilized country in the world. Neither in England, Holland, Sweden, or any other country where the Government has aided its citizens in providing housing facilities, has the Government gone so far as our Government would be forced to go if this bill is enacted into law. Do you know that under this bill no tenant of any Government-financed project would ever have to put up a single penny of the capital cost of the dwelling in which he lives or where he and his family might reside over a period of 60 years? Do you also understand

that under the provisions of this bill no tenant or occupant can ever hope to become an owner of such dwelling as he may occupy? Nothing in this bill even remotely encourages private ownership of the projects to be built!

Mr. GOLDSBOROUGH. Mr. Chairman, I yield the gentleman from North Carolina 5 additional minutes.

Mr. HANCOCK of North Carolina. Not only does he not have to pay even a penny toward the capital cost of the shelter or home that has been provided for him, but under the provisions of this bill the Government pays a part of his rent and becomes obligated with the local housing agency to do so for a period of 60 years.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. Yes; I yield.

Mr. TREADWAY. I would like information from the gentleman as to whether or not, in view of what he said about the price of $7,000 per unit, there is any likelihood, if this bill becomes a law, of people in the lower grades of income being able to pay the price that would have to be charged for occupancy in the units that will be constructed.

Mr. HANCOCK of North Carolina. I will say to the gentleman from Massachusetts that I think I know exactly what is in his mind. But it is necessary that we remember that one of the objectives of this bill is low-rent housing, and that only families who can pay some rent will be eligible. I am, of course, disappointed, from the testimony presented to our committee, that no family with an income of $700 per annum or less could possibly meet the rent requirement. My hope and aim has always been that a measure of this kind would first benefit those who needed it most, and that would include the 15 or 20 percent of our true American families who were in the lowest income brackets.

I think the membership of the House will be interested to know that of an estimated number of 6,000,000 non-farm-tenant families whose incomes were less than $1,000 in 1936, but 22 percent, or 1,300,000 families, had incomes between $700 and $1,000. If my understanding of the financial provisions of the bill is correct, these are the only families with incomes less than $1,000 per year who are financially able to live in the projects contemplated to be constructed under this bill, and they represent but 11 percent of all non-farm-tenant families. So far as I know, no one has disputed this calculation and conclusion. In other words, it means that 4,800,000 families in the lowest income group are excluded. Think of the injustice and unfairness of such a measure. If it is true—and I am sure that all of you know that it is true—that the lowest income groups live in the worst houses and have to pay the highest rent in proportion to their income, then of the estimated number of substandard houses of 12,500,000, all of them must be occupied by the 3,000,000 families whose incomes were less than $500 in 1936, and they will receive no benefits from this measure.

Now, Mr. Chairman, I want to discuss very briefly what I consider to be absolutely essential to any program of this kind if it is to be successful in accomplishing the desired goal. I refer now to the question of local financial cooperation. No program of this kind can possibly succeed in any community unless the public-spirited citizens of that community are willing to back it with their time, energy, and money. Though the projects are to be nominally operated by the local housing agencies, we all know that the major rules and regulations will be prescribed by those who put up the money, and under this bill it means the Federal Government. When one of these projects is built and occupied, where is the local agency that would not be subjected to incessant political pressure to make concessions to different tenants from time to time? If the project is entirely financed by the Federal Government, what could the Government do in the event that the local housing agency failed to cooperate? Is it reasonable to suppose that the Government would at any time resort to eviction of a tenant? No, my friends, you know that unless the local communities have a financial stake in one of these enterprises it will sooner or later mean an outright gift on the part of the Government and the use of the building for providing fine housing facilities at low rent for a favored few.

If these slum areas, blighted areas, overcrowded, and congested tenements are so costly to the metropolitan areas or localities in which they are situate—and practically every witness before our committee testified that the cost of maintaining the slum areas was three or four times the amount received in taxes—then why should not the local municipal authorities be willing to contribute a part of the cost of the project and also a part of the annual subsidies? I know that the municipalities, under the leadership of Mayor LaGuardia, of New York City, make the claim that no city in the United States with a population of over 50,000 is able to make any contribution toward this program. My answer to that is that if they are not willing to dig down in their treasuries and bear a part of the expense of this program they should not come to the Federal Treasury and "holler" for help. [Applause.]

Now, Mr. Chairman, let me explain, if I may, in a general way, the procedure for carrying out that program and especially financing it. Under section 9 of the bill an effort is made to limit the amount that the United States housing authority can lend on any project to 85 percent of its acquisition cost or development. In the committee I tried to limit the maximum amount that could be loaned to 75 percent of its cost, but the committee did not follow me. Later on I shall explain to you that this limitation, when applied to a project that is proceeding under section 11, would amount to nothing.

You realize that under this bill the maximum interest charged is 3 percent per annum, though today we are charging borrowers from the Federal land banks 3½ and 4 percent, and distressed home owners whose mortgages are held by the H. O. L. C. 5 percent. The local housing agency not only borrows the money at 3 percent for a period of 60 years, but under the terms of the bill a generous and charitable government makes a contract with the local housing agency to subsidize, through annual appropriations, the local housing agency up to 3½ percent on the amount it has loaned for the development of the project for a period of 60 years. In other words, there is nothing in the bill that requires the local housing agency to ever pay back to the Government one dollar of the amount it borrows as a loan. Unless you read the financial provisions carefully, you might get an impression that the local housing agency, through rents, would pay off the loan. To illustrate: Suppose a local housing agency borrows from the United States Housing Authority a million dollars to build a low-rent housing project. If the plans and specifications are approved, the United States Housing Authority makes a contract and puts out the money on a basis of 60 years at 3-percent interest. This is $30,000 per year in interest. In addition to this the United States Housing Authority, in order to insure that the project will be a low-rent housing institution, also contracts to subsidize the project up to 3½ percent per annum, or $35,000 per year. This 3½-percent subsidy is provided by an annual appropriation and must be made for 60 years, or so long as the project is maintained and operated in accordance with its instructions or regulations.

Let us take a more homely illustration, for I am satisfied that no other member of the committee will talk to you much about this feature of the bill. You will remember that I said a while ago that no member of the Treasury Department was apparently bold enough to try to explain it to us. Here is a good friend of mine who wants to engage in a worthy, humanitarian enterprise. He is bent on doing something good for humanity. He has the idea but he is not willing to back it with his own money. I am interested in what he wants to do, and I am in position to make some of his friends put up the money. So I say to him, "I will lend you $1,000 at 3 percent if you will use it in furtherance of this worthy enterprise." The contract is made, and I then say to my friend that if he will continue to use the project for which he has

spent my money I will give him $35 per year to pay me the interest on the money I loaned him. That is a fair sample of the financial arrangement under this bill. [Laughter.]

Mr. Chairman, there is not a man in the committee who will controvert that statement. It is true, however, that some effort has been made to require an initial local contribution up to 15 percent of the cost of the project; but I want to say right here that in its present form this provision requiring local financial assistance is under the capital-grant provision—an outright joker. I am also inclined to believe that the other provisions for local assistance toward provision for the annual subsidies amounts to little, if anything.

Now, Mr. Chairman, I could easily talk about the provisions of this bill all the afternoon without adequately and completely discussing them as they should be discussed. I take it to be the duty as well as the privilege of any member of a committee of this House to disclose fully and fearlessly every provision of a bill which we are called to pass judgment upon. I know that in doing this I may be charged with not being "regular" or failing to stand by the committee. I have always reserved the right to speak my convictions, and this I have tried to do today. I shall continue my effort this afternoon to perfect this bill in keeping with what I believe to be a sound, fair, and practical piece of legislation. I shall not, however, undertake to superimpose my views upon anyone. That is contrary to my conception of the proper *function* of a Member of the House.

And now, my friends, before I forget it, I want to tell you that out of several million families who have low incomes, this bill, if the per-dwelling unit cost of $5,000 is kept in it, will only benefit about 100,000 of them. Five thousand dollars divided into 500,000,000 gives you 100,000. This number may even be reduced if the $5,000 limitation on the per-dwelling unit cost does not include the cost of the land upon which the projects are located or built or the cost of demolishing the old structures or slums when and if they are required by the Authority to be eliminated or demolished. This is another phase of this measure that I want to expose at the proper time.

Our chairman has stated that this is the beginning, or first step, of a great program. That is perhaps correct, for we all know that it would take many years to do the job at which this bill is aimed. If the program is carried to its ultimate conclusion, so that all of our people in the low incomes will be treated like the fortunate 100,000 families which will benefit under this bill, the involvement of the United States Treasury, including loans, grants, and annual contributions, would run to astronomical figures. The acquisition or development cost alone would amount to 6,000,000 families times $5,000 per family, which amounts to $30,000,000,000. Then, if you figure an annual subsidy of 3½ percent on $30,000,000,000 for 60 years, you will see that the total involvement to the Federal Treasury would be $30,000,000,000 plus $60,000,000,000, or the staggering sum of $90,000,000,000. This, of course, may never happen, but it is surely a possibility and something that we should reflect upon in the consideration of this first step. I know that I am using, perhaps, the extreme limit, but I cannot believe that my Government wants to treat one family in the low-income bracket better than it treats another family in the same bracket. [Applause.]

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

Mr. FISH. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, the last speaker, the gentleman from North Carolina [Mr. HANCOCK] portrayed the effects of this bill so well that we may well pause and consider where we are going on this new subsidy road. This week our debt will probably amount to $37,000,000,000. The word "emergency" is not attached to this bill. We were to invest in more borrowed money $700,000,000 in the Senate bill now reduced to $500,000,000, but until it emerges from conference we do not know what the exact amount will be. The Treasury will sell these bonds to the public, tax exempt as usual. The Treasury will claim as assets the bonds of the various so-called housing authorities as they do the capital stock and securities of the other corporate devices. Perhaps next year they will tell you that they will try to balance the Budget by putting on the market such assets as these bonds of dubious value. Rather do I think they will have to be held by the Treasury indefinitely. One hundred years ago we loaned 26 States a lot of money. They still owe it, and we carry it as assets on the books of the Treasury, although we never have and never will ask for it.

We now have a large amount of these kinds of assets, and an unsuspecting public believes that they are real assets. Our contingent debt will now be $5,000,000,000, besides the direct debt of $37,000,000,000. I can think of many humanitarian things we could do if we had the money. After all these recent housing experiences and the sordid facts of resettlement experiments exposed, we should proceed very slowly in further operations in housing. Our apology or explanation under this bill is that we are to decentralize and let the local municipalities do it. Is there more morality and efficiency in a housing authority created by a State than there is in one created by the Federal Government? Is there not much more opportunity of political corruption in some States? In the Senate they did put on a limitation of cost, because it was argued that great scandals would follow unless they put a ceiling over the cost, and the limitation of $4,000 was written in the bill. Do not be deceived. Of course, this is a slum-clearance bill. It is and must be for the benefit of the cities. One of the witnesses said, "Of course, it is not for the farmer. Farm tenancy and the Department of Agriculture will attend to them, although it might be worked out in a village." Many cities and even villages have a large alien population which may or may not comprise the slums in those places. Why such sudden interest for the alien population? Recently you made the alien ineligible to W. P. A. assistance. The situation in England is interesting and should be fully explained. One of the witnesses before the committee made this statement. Listen to this:

> The British have made some progress in handling housing projects. They establish the rent, let us say, on a 4-room unit and they take contributions that have been made by the federal authority, and those made by their local authorities, throw them into a pool, and then they set a different rate per family. Families are given rebates based upon its needs and conditions and ability to pay, and in operation it becomes practically the same problem we have in administering relief associations to the family.

A man may have a job, and he moves in. When he loses his job, who is going to put him out? Nobody. It is to be low-cost housing, controlled by the municipality itself. Gradually people on relief will be transferred to these places. Of course they will. Gradually it must happen as it evidently has in England. People on relief whose rents are paid by the city itself will be transferred to the cheapest homes, and then you will have nothing but glorified alms houses. I want to make that emphatic. If stigmatized too strongly, ponder the more delicate language which I read to you as actually what they have in Great Britain. Of course a man afterward unable to pay will not be turned out. No. The relief authorities will keep him there at this low rent.

There are many other phases to this bill. Is it a safe financial investment as claimed? What do we have for security? In the bill it seems that we would have liens and mortgages. In the committee we were told that "We will simply buy the bonds of the local housing authorities running up to 60 years." People accustomed to living in slums, would not allow of a house to last 20 years. We should know that. The maximum life of most houses is limited to 33 years. This is a 60-year loan. Good-bye to that $700,000,000, as well as the nearly two billions yearly subsidy.

The two methods of subsidy to be adopted are indefensible in the expenditure of the people's money. The contributions by municipalities are credits for tax remission and services; they do not have to put up any cash. You give

them 20 years to pay in those services, which may be even charges for playgrounds, use of parks, and similar privileges. Should they not remit the taxes, anyway? I see but little in the bill about real security for loans, although it implies a lien, represented by bonds purchased. It does declare that private organizations may foreclose and when so foreclosed, the Federal Authority will stop the yearly subsidy. This certainly implies that we give and loan money subject to prior mortgage.

A witness jocosely said, "It ought to be a good investment, because we ourselves put up 3½ percent every year. We have a first lien on that. We are sure to get our interest on our bonds." Think of it. Put up the money for the interest ourselves, so that we will be sure to get it.

Mr. CURLEY. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. CURLEY. Does the gentleman figure money values greater than human values?

Mr. GIFFORD. Oh, no. However I might have to endure a toothache for a long time if I have no money to pay the dentist. And we have no money. Our credit is already too heavily drawn upon to embark further on these schemes of doubtful efficiency in their administration.

Again we have no money. Worse than that, we owe huge amounts that can and will not be paid for generations. As to human values, the same conditions will always exist as they exist now. One-third of the people will be relatively ill-fed, ill-clothed, and ill-housed always.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. Gladly.

Mr. HEALEY. Then the gentleman proposes to do nothing?

Mr. GIFFORD. Oh, no; I propose to do what we have done always. Does not the gentleman's city take care of its unfortunate? Wealthy New York and other cities are here today for largesses. We must know the beneficiaries of this bill. You farmers are not to be fooled into thinking you will receive benefits from it.

Mr. HEALEY. Mr. Chairman, will the gentleman yield further?

Mr. GIFFORD. Certainly.

Mr. HEALEY. The burden on my particular city has been so great during the depression that it has been impossible for it to take care of the people who need relief.

Mr. GIFFORD. The gentleman lives in a prosperous bedroom of the city of Boston; but he comes from Massachusetts. Massachusetts can take care of its own. Your credit was good with the State of Massachusetts; you did not have to come here; but everybody else was coming, and, of course, your city came.

Mr. ROBSION of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. ROBSION of Kentucky. I understand the bill covers 60 years. Does the gentleman from Massachusetts [Mr. HEALEY] wish to convey the impression that the depression will continue 60 years? I though we were out of the depression.

Mr. GIFFORD. I do not think my friend from Massachusetts would want to buy any of the bonds we are to receive from these various housing authorities; if his city of Somerville had to come here for relief, how about the credit of other cities we might mention? [Applause.]

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, I ask unanimous consent to proceed out of order for 6 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FISH. Mr. Chairman, I take this brief time out of order to state that I am in hearty sympathy with the proposition of the President when he asked for $500,000 to move American citizens from the battle zones in China. This is money that is needed immediately for relief of our own citizens under stress and in a great emergency. On the other hand, I am bitterly opposed to the proposal of the President and of the Secretary of State as expressed in the press to send immediately 1,200 additional Marines into China. We already have some 2,500 troops in China, about 1,500 Marines and the rest Infantry. In addition we have 10 American gunboats parading up and down the Yangtze River, for what purpose I have never been able to learn. In addition we have also a whole fleet cruising up and down off the shores of China. It seems to me that if we do not want to be involved in an Asiatic war we should withdraw all of our troops, our marines, our soldiers, and our gunboats from China where they do not belong anyhow.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield for a question?

Mr. FISH. I yield.

Mr. CRAWFORD. Does the gentleman think these forces should be removed before we give our people notice to get out and help them to get out?

Mr. FISH. Oh, no. I think we should help our own people to get out. We should serve immediate notice on them that they should leave the war zones. We should help them to leave the war zones; but if they insist on remaining they should remain at their own risk and not involve this country in war.

Suppose a few American soldiers doing their duty over in China under orders from this Government are wounded or killed by the Japanese troops. All of a sudden we have an incident that leads to war. Unfortunately there is bad blood between Japan and the United States due to our restriction upon their immigration into this country and due to the fact that we have bombarded them time after time in regard to purely Asiatic matters. If we leave our troops there and some incident arises, then we are more than apt to be involved in a war against our own will, for there is not a single American, Democrat or Republican, who wants war with Japan. There is nothing to be gained by it, and we would pay a terrible price in blood, tears, and treasure.

Furthermore, the problem in the Far East is an Asiatic problem involving Soviet Russia, China, Japan, and likewise Great Britain. I for one am not in favor of having the United States police China or any other foreign nation, or pull the chestnuts out of the fire for the British Empire.

Paraphrasing the well-known statement of George Washington, why forego the advantage of so peculiar a situation? Why quit our own to stand upon foreign ground? Why by interweaving our destiny with that of any part of Asia entangle our peace and prosperity in the toils of Asiatic ambition, rivalships, interests, humor, or caprice?

Paraphrasing a famous British statesman, Great Britain expects every American to do his duty. That is what we are doing when we are policing China, as it is mostly for the British Empire. We do only $50,000,000 of trade there. We have less than 10,000 American citizens in China, but we probably have including those on board battleships 10,000 American troops, marines, and sailors in or near China to protect those few American citizens.

The time has now arrived to withdraw our troops from China and serve notice on our people over there that if they stay there from now on it will be at their own risk.

The CHAIRMAN. The time in which the gentleman is permitted to speak out of order has expired.

Mr. FISH. Mr. Chairman, for years I have been advocating on the floor of this House and elsewhere slum clearance and low-cost housing legislation. If any country is worth living in it is our own. We are the richest and greatest Nation in the world. If Great Britain, Germany, Sweden, and other foreign nations can provide for slum clearance in their financial situation then we in America can well afford to provide slum clearance in the great industrial cities of America toward improving the living standards of our poorest citizens.

Mr. Chairman, I intend to support this legislation because it is the only low-cost-housing and slum-clearance bill that

is before us at this time. You either believe in slum clearance or you do not believe in it. However, I confess I am heartbroken about this measure because it accomplishes so very, very little. I estimate in the great city of New York it will take care of only about 12,000 people. I would call this bill a 3-percent bill. It accomplishes so little it is hardly worth while bringing it up at the eleventh hour to be considered as a major issue. It will only take care of 3 percent or less of those who need to be taken out of the slums in the city of New York, and I assume that applies to all the great industrial cities of America.

Mr. FORD of California. Will the gentleman yield?

Mr. FISH. I cannot yield at this time.

Of course, we Members of Congress are about to go home and tell labor how much we have done for them. We are going to tell the poor people how much we have done to provide low-cost housing for them. We will probably present for the time being a very good case. But the truth of the matter is that the bill will accomplish very little for labor and very little for slum clearance. It is only groping in the dark to solve a great problem, but at the best is only a mild experiment in slum clearance and low-cost housing.

Mr. CURLEY. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from New York.

Mr. CURLEY. What did the Republicans do for slum clearance prior to 1932?

Mr. FISH. I just told the gentleman I am for slum clearance and have been urging it for years. I am going to vote for the bill, but at the same time I believe it is my right and duty to state to the House what I believe should be done. With me it is not a question of $500,000,000. I would vote for $5,000,000,000 to be lent to American citizens in order to build their own homes, so that we might create home owners and not concentrate the population in large apartments and human beehives. We should try to take the population out of the cities and put them on land, with little homes of their own, where they may become property owners, taxpayers, and good American citizens. I believe that would do more to offset radicalism, socialism, and communism in America than any one thing that this Congress could do.

Mr. SHORT. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Missouri.

Mr. SHORT. Does not the gentleman from New York agree with the very able gentleman from North Carolina [Mr. HANCOCK], whose logic was irrefutable, that this bill absolutely prohibits individual ownership?

Mr. FISH. Absolutely.

Mr. SHORT. It regiments and communizes by throwing up army barracks in cities, such as you have out there at Tugwelltown and Greenbelt, and shacks that will be more collectivistic than anything I saw in all of Soviet Russia.

Mr. FISH. The gentleman believes in plain speaking. So do I.

Mr. SHORT. I do not see how my friend can support this atrocious and abominable measure.

Mr. FISH. I am supporting it because I am in favor of slum clearance, but I much prefer my suggestion to loan money at 3 percent to American citizens with which to build their own homes.

I know of no other way of clearing the slums of New York City except by legislation of this kind and this is the only bill before us. This is not what I would do for one minute if I had my way about establishing a constructive housing program.

Mr. FORD of California. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from California.

Mr. FORD of California. The gentleman says he would vote for $5,000,000,000 to be turned over to insurance companies, trust companies, and so forth, to lend.

Mr. FISH. I did not say that. The gentleman suspects savings banks, insurance companies, and the building and loan associations, but if we could use existing agencies backed by the Government so much the better.

Mr. FORD of California. The gentleman said that to the committee repeatedly.

Mr. FISH. I would be glad to have private industry build if it could do so at a low rate of interest and on a long-term credit of 25 or 30 years. If that cannot be done, let the Government do it by lending the money at 3 percent through the National Housing Authority for a national housing program to put American citizens in their own homes. If England, Sweden, and Germany can do it, then the United States of America can do it. I believe we could work out a similar plan. [Applause.]

Mr. REILLY. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Wisconsin.

Mr. REILLY. Does the gentleman not know that at the present time any American citizen who has 20 percent of the cost of his home may build a home under the insurance program of the Housing Division?

Mr. FISH. Yes; but he will have to pay 5 percent.

Mr. REILLY. But they are able to do that.

Mr. FISH. Not many of them can afford to pay 5 percent. The reason the program in Great Britain, Sweden, and Germany, as I understand it, has been successful is that the Government provides a subsidy in the way of low interest rates at 3 percent and a long-term credit of 25 to 30 years. If we would do that, then I think this would become the greatest bill the Congress ever considered and it would do more good in this country than anything else the Congress could pass in this or any other session to promote the general welfare.

Mr. CURLEY. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from New York.

Mr. CURLEY. The gentleman represents a district in New York and I also represent a district in the city of New York. He knows very well that under the State Housing Act of the State of New York, chapter 949 of the laws of 1920, the State of New York contributed something like $190,000,000 to provide for industrial speculators and builders.

Why cannot the Government come in now and help the poor fellow who does not have a dime? Certainly, human values are far greater than money values.

Mr. FISH. The gentleman knows perfectly well this bill is going through. It is going through because many of us believe in slum clearance and low-cost housing for our lowest income groups, and this is the only bill before us, and it is probably the only way to get the results we want in the near future. The plan and scope of the bill has been approved by practically every newspaper in New York City and I propose to support it, although it is far from perfect and does not carry out my ideas of what a real housing program should be, and I fear that the bill will be a disappointment to its most earnest well-wishers in failing to make much of a dent in slum clearance in the city of New York, particularly with the unfair and unfortunate 10-percent allocation limitation.

Mr. GOLDSBOROUGH. Mr. Chairman, I yield to the gentleman from California [Mr. FORD] such time as he may desire.

Mr. FORD of California. Mr. Chairman, I note in the debate on this bill, S. 1687, otherwise known as the Steagall-Wagner housing bill, that some of my distinguished colleagues have been at great pains to assure us that they are in entire sympathy with its objectives but, because of certain features of the bill, that they cannot support it. This reminds me of one of the old rhymes:

Mother, may I go out to swim?
Yes, my darling daughter;
Hang your clothes on a hickory limb;
But don't go near the water.

Now, my friends, in my reasoned judgment, the Steagall-Wagner housing bill has two great objectives: First, it seeks to clear, demolish, or abolish those excrements on civilization which we have described as slum areas, areas that are apparently concomitant with great metropolitan centers; second, it seeks to establish, let us say for argument's sake, a yardstick for low-cost housing for people of limited means, which is, I believe, a laudable purpose. Now, referring back to slum clearance, let me say this: It has been argued on this

floor, and I presume it will be further argued, that for certain reasons slum clearance is a local responsibility. To a limited extent I agree. But I must, if I am to exercise my prerogative as a national legislator, also insist that the existence of slum conditions is a national problem. It being a national problem, I am therefore convinced that it is the duty and responsibility of this Congress to direct the Federal Treasury to materially assist in the financial problem of eliminating, insofar as is humanly possible, slum areas in the United States.

I made reference in my early remarks to the establishing of a yardstick for low-cost housing. It is my judgment that, in view of the shortage of decent, safe, and sanitary housing for families of low income, that some steps should be taken to remedy this condition before this unfortunate group, which represents at least 40 percent of the population. This end can be obtained if the amendment which will be offered, not as a committee amendment but by a member of the committee, broadening the application of the Federal Housing Authority principle of insuring loans to insurance companies and other financial institutions. One of the important results of the adoption of this amendment would be the bringing out of hiding of billions of dollars of private money and putting it to work in the construction of low-cost housing units. This, in my opinion, would have three beneficial effects: First, it would create a tremendous amount of employment; second, it would bring into the normal financial economic stream a vast volume of private funds now lying idle; and, third, it would provide decent, safe, comfortable, sanitary housing conditions for millions of people of moderate income who are now forced to live in out-of-date, antiquated, and insanitary quarters that should not be permitted to continue as residential occupancy units.

Reverting back to the slum situation, permit me to make this observation. I am opposed to the existence of slum areas, because I believe that in those areas there is a constant menace both from a health and a social standpoint. The breaking out of an epidemic in a congested area in one of the large cities may seem at first glance to be a purely local problem. But suppose that 500 or 1,000 of the residents of this infected area should quietly slip away after having been exposed to the contagious disease which was epidemic there and, by reason of their being exposed, spread that disease over a wide area of the Nation. Would that not become a national health problem? I might further venture to assert that many of the criminal element are nurtured in the slum areas and are often given asylum when fugitives from justice in these areas. So that while the existence of slums may be said to impinge directly on, and increase the cost of local government, in the final analysis and in the long view they contribute directly to our national health and crime problem.

Mr. WOLCOTT. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. WHITE].

Mr. WHITE of Ohio. Mr. Chairman, I agree with the statement made today by the gentleman from North Carolina [Mr. HANCOCK]. I think any of us who are responsive to the needs of this Nation will agree that slum conditions are a cancerous growth upon the body of our community life and should be removed. We want to be responsive and we must also be responsible. I am willing, in order to accomplish this purpose, which has not been accomplished thus far by other means, that we shall even go so far as to use the national taxing power—although I do not like that idea in principle—to treat this cancer upon these individual communities, provided we can do it with some evidence of practicability and provided we know that when we get through we are going to hit the target of low rent within the range of slum dwellers. Whether or not these things are accomplished by this measure depend upon changes which I hope will be made before the Committee rises. Unless they are made I cannot support the bill.

Under this bill there are two different methods of providing the money by the Federal Government.

One of the systems is what we call the plan of annual contributions. The other system is what we call the capital-grant plan.

Let me say right here that I congratulate the members of this committee for the way they have worked on this matter, because it has been approached in 10 all too short days entirely from a nonpartisan angle, although we have not agreed about every detail of the method to be employed.

I believe every member of the committee will concede the point that we might just as well toss the capital-grant system out of the window, because no one is ever going to take advantage of it. The reason they are not going to take advantage of it is indicated by the chart I have here, whereby it is shown that under the annual-contribution system the Federal Government will provide 72.7 percent of the money, as compared with the capital-grant system under which the Federal Government would only provide 28.4 percent of the money. Therefore it is obvious that any community would be plain, right down foolish if it chose the capital-grant system as compared with the annual-contribution system.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Ohio. I yield.

Mr. STEAGALL. The gentleman does not mean to contend that the local agency could administer this law?

Mr. WHITE of Ohio. I do not understand the gentleman.

Mr. STEAGALL. The matter of choice will not be left to the local agency. The Federal authority will have something to say about that.

Mr. WHITE of Ohio. To some extent, yes; but I cannot imagine any local authority that is going to qualify in any way, shape, or form and only get 28.4 percent capital grant when by the other system they will be able to get 72.7 percent, principal and interest.

Now, under the annual contribution plan, what happens? Let us take a $1,000,000 project and follow the formula of the bill through to see where we come out in the end. Let us set it up as a bookkeeping transaction with respect to a $1,000,000 project.

We find under section 10 of the bill it is provided that the Federal advance of money cannot exceed 85 percent of the development and acquisition cost of the project. Thereby the Federal Government can advance to the local housing authority $850,000 on a $1,000,000 project. So we are going to enter that as a charge or an advance that is going to be made to the local housing authority. Then according to the terms of section 9 of the bill we have got to add the interest charge and under this section of the bill it is stated that the interest charged against the local housing authority shall be the Federal going rate of interest, plus one-half of 1 percent, which means a total of 3 percent. The interest on that sum of money, $850,000, at 3 percent, over a period of 60 years, amounts to $1,090,950. So the advance on the part of the Government is figured by adding the principal, and the interest on only that portion which the local government has been able to obtain as a loan from the Federal Government, and it amounts to $1,940,950. This is one side of the picture.

Let us take a look at the other side of the picture. Under section 10 (a) and (b) of the bill, it is provided that there shall be allowed to the local housing authority an annual contribution which is equivalent to the Federal going rate of interest, plus 1 percent, making a total of 3½ percent. In other words, $35,000 a year is the sum of the annual contribution on a million-dollar project.

The bill in the same section provides that 25 percent of this amount of money must be put up locally either in the form of cash, tax exemptions, or tax remissions, but not in the form of any kind of community services.

Therefore, it is indicated that the local share of that $35,000 annual contribution will have to be $8,750 a year, which, deducted from the total annual contribution of $35,000, leaves $26,250 as the amount the United States must contribute every year under the annual contribution basis. That sum for the period of 60 years, 60 times

$26,250, equals the total Federal contribution over the period of 60 years, or $1,575,000. So there you have the other side of the bookkeeping transaction. Let us step down here to another table. The total amortization, according to a formula rule, if you have a debt of $1,000,000 and you have to pay interest on it at the rate of 3 percent, and if it is to be amortized within 60 years, will require the sum of $2,167,928, both Federal and local charge, to pay that debt—principal and interest.

Mr. McKEOUGH. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Ohio. Yes.

Mr. McKEOUGH. If you are going to amortize a debt of any amount in 60 years, it does not require 60 years at 3 percent a year. At that rate it would be amortized in 33½ years.

Mr. WHITE of Ohio. No. I think the gentleman's question is based on whether this charge is based on diminishing sums.

Mr. McKEOUGH. If I have 60 years in which to amortize the debt, I would not have to pay 3 percent for that period. That would mean 60 times 3, or 180 percent.

Mr. WHITE of Ohio. If you have a debt on which you have to pay 3-percent interest, and it is $1,000,000, and it is charged for 60 years, it will require $2,167,978 to pay the bill.

Mr. McKEOUGH. O Mr. Chairman, the gentleman has confused interest with amortization.

Mr. WHITE of Ohio. I shall ask the gentleman to disprove my figures in his own time. I have only 10 minutes and even now will have to omit many points I would like to make.

Mr. McKEOUGH. I am just calling the attention of the House to the fact that a debt payable in 60 years at 3 percent could be authorized 100 percent in 33⅓ years.

Mr. WHITE of Ohio. You take 60 years at 3 percent and it will more than double your original loan. So that of that amount which must be paid, there is not only this $850,000 borrowed from the Federal Government, but also the $150,000 which must be added by the local community. With this included in here at the rate of 3 percent, assuming they could not get the $150,000 locally at any cheaper rate, you have to pay $2,167,978 to amortize $1,000,000 as outlined here. Of this sum the total Federal contribution over a period of 60 years is $1,575,000, which means that the local community will, therefore, have to pay $525,000, in other words 24.2 percent, whereas the total Federal contribution of the entire amount is 72.7 percent. The $67,978 to be paid by the tenants is equivalent to 3.1 percent. The sum and substance is that on a million-dollar project the Federal Government is going to provide every single penny of the million dollar cost of the project plus $575,000 on top of that, to be used in repaying itself for interest charges.

If this bill is not corrected; if its final form will permit this gift of $1,575,000 on a million dollar project—and if it will permit the construction of $8,000 and $9,000 dwellings, including land and nondwelling facilities, for slum dwellers, how in the world can we ask the citizens of all the communities of the United States to pay for this project when they themselves have bought and paid for homes of their own that do not average more than $4,000?

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. STEAGALL. Mr. Chairman, I yield 10 minutes to the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Chairman, objection has been made to this bill that it violates the fundamental principles on which our Government is founded, and that it is an improper function of the Government to invade State rights, going into communities to help the underprivileged. I am wondering who in America can object to that at the present time. In law there is the doctrine of estoppel, and men by their conduct can be estopped from taking certain positions. Certainly the railroads cannot object to it, the banks cannot object to it, the insurance people cannot object to it, the home owners in the cities cannot object to it, and the farmers cannot object to it. They have all been the beneficiaries of Government bounty. My opinion is that this bill subserves a very useful and very national and very governmental purpose. We must admit that it is experimental, that it is not perfect, that it will be perfected as time goes on, but the purposes of this bill, it seems to me, are purposes in which every man and woman in the United States should have a great interest. A slum not only involves a social and economic loss, but it involves a national peril. We sustain not only a national loss by reason of the maintenance of slums, but they are a malign influence that tend to undermine our Government. There we find the doctrine of communism and anarchy preached. That is not only my opinion. That is the opinion that has been recognized by the courts everywhere and I shall read from a decision of the court of appeals of the State of New York in the case of *Adler* v. *Deegan* (251 N. Y.), in which Justice Cardozo said:

> The Multiple Dwelling Act is aimed at many evils, but most of all it is a measure to eradicate the slum. It seeks to bring about conditions whereby healthy children shall be born, and healthy men and women reared. * * * The end to be achieved is more than the avoidance of pestilence or contagion. * * * If the moral and physical fiber of its manhood and its womanhood is not a State concern, the question is, What is? Till now the voice of the courts has not faltered for an answer.

In the case of City Housing Authority against Andrew Muller, Justice Crouch, of the New York Court of Appeals, said:

> Slum areas are the breeding places of disease which may take toll not only from denizens, but by spread, from the inhabitants of the entire city and State. Juvenile delinquency, crime, and immorality are there born, find protection, and flourish. Enormous economic loss results directly from the necessary expenditure of public funds to maintain health and hospital services for afflicted slum dwellers and to war against crime and immorality. * * * Concededly, these are matters of State concern. * * * Time and again, in familiar cases needing no citation the use by the legislature of the power of taxation and of the police power in dealing with the evils of the slums, has been upheld by the courts. Now, in continuation of a battle which, if not entirely lost, is far from won, the legislature has resorted to the last of the trinity of sovereign powers by giving to a city agency the power of eminent domain.

I live in a district far removed from these slums, but I realize the benefit that will flow to my country and to my people from the eradication of these great evils. They say that New York will benefit by this. Well, if we are going to attack an evil, we must go where that evil exists. We cannot attack an evil in New York, from the State of Kentucky or the State of Missouri, but there is a limitation of the expenditure that can be made under this bill of 10 percent, and that money will be expended by local housing agencies, men who are responsible locally to the people of the various communities who are vitally interested in the elimination of these slums, and who will expend this money, I have no doubt, in the most economical and expeditious manner in which it can be spent. I think we can trust those people if we give them this money, to see that the great thing they wish to be accomplished is accomplished by their local people and in a manner that will be as economical as possible. I have no fear that there is going to be any great waste of this money by these local people, because I know that the ultimate result is of more interest to them than it is to any other section of the country.

Mr. McGRANERY. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. McGRANERY. Is it not true that a large number of the cities of the United States and smaller communities will be benefited under the terms and conditions of this bill?

Mr. SPENCE. We all know this bill is general in its scope.

Mr. McGRANERY. I say to the gentleman that it has been said on this floor that only a small number of the larger cities will benefit. Has it not been the experience of the gentlemen on the committee that a number of the

smaller communities were represented there, and the committee was urged to pass the bill?

Mr. SPENCE. That is absolutely true, and the bill in its scope and purpose is general. If the smaller cities do not benefit by reason of its passage, it is because the evil that the bill attempts to correct is not in the smaller cities. Any city that can qualify under this bill, that can establish a local housing agency, will receive the same treatment that the city of New York or the great centers of population will receive under the bill.

There is one other thing I want to say. You have heard that we are going to distribute national funds in local communities, to let them do as they please with the money that we contribute. To every dollar that is contributed by the National Government there will be one-quarter of a dollar contributed by the local agency. I believe that is a great saving influence, because if people will not be vigilant in the protection of the national money, they will certainly want to protect the money that they contribute for the elimination of these slums.

Mr. McGRANERY. Is it not true that the building and loan representative was one of the most vigorous opponents of the bill in the committee? I make no reference to any member of the committee, but the gentleman who appeared for the Building and Loan Association of the United States.

Mr. SPENCE. I have always been a great advocate of the building and loan associations. They built up my city. They have rendered great service to the people of my community. I would not do anything to hurt them, but I do not let any influence stand in the way of a great public purpose. [Applause.] I do not believe we will hurt the building and loan associations. I think when we make this country a better country for everybody to live in, when people are more happy and contented, the building and loan associations will do better than they are doing now. So I do not think we need worry about that.

Mr. TERRY. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. TERRY. Criticism has been made of this bill that it makes no provision for the ultimate purchase of small homes, but rather it tends more to making a community of tenants than of home owners, and that the Government should assist in the ultimate purchase of homes, rather than a continuation of the tenant status.

Mr. SPENCE. That is a very pretty theory, but how impractical it is. We are attempting to take people out of the congested areas in the great cities, where five or six of them live in a room. How are we going to give isolated homes to all of those people? How could we give any relief of that character to the people of New York or Chicago, where land values are high, where there are great numbers living in crowded tenements in the congested districts? How could we give relief in the method some of the gentlemen suggest? It is just impractical and it cannot be done. [Applause.]

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. SPENCE] has expired.

Mr. WOLCOTT. Mr. Chairman, I yield 9 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, it is a long time ago that someone once suggested to Abraham Lincoln that there was no good reason why people should be educated out of public funds or why hospitals should be maintained out of public funds. His answer was this: That the Government shall do for the citizens that which they cannot do for themselves or that which they cannot do so well. That is the broad premise that was laid down by the Great Emancipator a long time ago. That, of course, provokes the question as to whether or not people can lift themselves out of slum conditions. My answer to that is "No", and I will tell you why. I think this country was developed chiefly through the operation of two powerful forces, one that we can call centrifugal and the other centripetal. When George Washington occupied the Presidency 3,000,000 people constituted our population. Then this centrifugal force started operating that uprooted families and spewed people everywhere, even to the Pacific seaboard. It is the force that sent Lieutenant Pike up Pikes Peak; it is the force that sent our people into the Northwest country; it is the force that sent explorers into California. When the frontiers had closed the centripetal force became operative and threw people to a common center instead of throwing them out. As a result it picked up these isolated family units dotting this country and threw them into the great beehives like San Francisco and Cleveland, like Boston and Chicago, like New York, and other large cities; and once they got there it was almost impossible to get them out again because the big city licks them. The big city licks the spirit; the big city so often licks the opportunity to better their conditions. So there they are, stagnating in cheap apartment buildings and tenement buildings that were built a long time ago, infested with cockroaches, provided with no plumbing on the inside, many of which have no hot and cold running water, some of which have no running water at all. There these people are bogged down, and I ask: How are you going to get them out? How are you going to improve their condition?

Here we are embarking upon an ambitious program to get them out of those conditions and to put them into new buildings or some other place that is more habitable than the one they occupy at the present time. Why is it necessary? What is the problem? Let me state it very briefly. I have examined these figures ever since I got interested in housing, and I want to compliment the distinguished chairman of the Committee on Banking and Currency on which I served a couple of years ago when we were first considering the housing bill. I think he has done a splendid job. He has worked on this a long time in the hope that a bill might come upon the floor.

Here is the problem: You have, for instance, the fact that about 33 percent of the families pay a rental of about $6 a month per room. Commerce Department figures given as the result of their study of conditions in 64 cities 2 years ago show that these people can pay about $6, but many authorities tell us that it costs $11 or more per room to build new housing. How are we going to make up that difference of $5 or more per room if they have not income sufficient to pay it? And yet we cannot provide new housing except at that additional cost. Who is going to bridge the gap between $6 a room that the family can pay and the $11 or more a room that it will cost? That is where the Federal Government steps in if you agree in the light of an evolved social conscience that we are experiencing in this country today that it is the proper function of the Federal Government to step into the field of housing. This bridge is provided for in this bill. It provides rental subsidies such as they have in Sweden; such as they have in England; such as they have in other places. That is, after all, a rather enlightening view of this matter. Or, if better suited, housing authorities can use a capital grant, also set up in this bill. Perhaps a loan will become necessary, which is also set up in this bill. While it may not be perfect in its financial ramifications, and while there may be some difficulty of administration, I am satisfied that with a lively sense of cooperation on the part of the people of the country and a sympathetic administration of this bill we can make some kind of start on the housing program. We have done nothing about housing up to this time except talk about it. It is a good deal like Mark Twain's statement about the weather. He said that much has been said about the weather but darned little has been done about it. We have until now done very little about housing. Here is the record: Since 1933 we established a P. W. A. Housing Corporation and give it $125,000,000. After the first 2 years there were few results. Then we established an Emergency Housing Corporation and gave them $100,000,000. They took a year to make examinations of one thing and another and after a year or so there was nothing to show for it. Then we started on a program of subsistence homesteads. Go down to Arthurdale, go down to Reedsville, and inspect exhibit A. I drove down there and looked at them. We built 190 houses there, these ready-cut affairs. They put in the

foundations, but the houses would not fit the foundations, so they had to blow the foundations out. The windows would not fit, so they had to reconstruct all the millwork, and you will find from inquiry of the former director of the subsistence homestead project that we will lose about $4,000 a property on the 190 properties down there. They have abandoned 51 subsistence homesteads. Certainly it is not a very glorious record.

We have had a Resettlement program. Go over to Greenbelt and see that project. There we built 1,000 of these romantic-looking homes. I said they cost $14,000. The distinguished Senator from Virginia said recently that the cost is $16,000 each.

I tried to be charitable. He is closer to the truth.

How are they going to rent them? They are going to strike off anywhere from $6,500 to $8,500 per house and make that the basis for the rental. Do not take my word for it. Mr. Alexander, head of the Resettlement Administration, appeared before our committee and I quizzed him at some length. He had a nebulous, hazy, vague idea of what they were going to do. May I say they have not rented any of these $16,000 homes as yet but they intend to rent them to people in the income brackets from $1,200 to $2,000. Can you fancy $16,000 homes suited to $1,200 incomes?

In that housing field the Federal Housing Administration is the only bright and shining jewel in our housing activities. We did not expect too much from their administration of title I of the act for modernization purposes under which people put on a new roof or built a new bathroom or bought equipment of some kind. We knew we were going to have some losses. We knew there was going to be some bad paper that would have to be discounted. Their administration of title II, Federal mortgage and insurance, has been a pretty good job, and I take my hat off to the Administrator for that.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. DIRKSEN. Mr. Chairman, as we talk about the Federal Housing Administration and what they have done, I would make this suggestion: In view of what the P. W. A. Housing Division in the Interior Department has had to do by way of housing, speaking for myself alone, I would be quite willing to put the administration of this act under the existing Federal Housing Administration, because they have a tremendous backlog of experience and a considerable background. I think they would do a pretty creditable job. My approach to this venture is like that of a young lady who went into a stationery store to buy some stationery. When she made the purchase, she asked, "Is there any discount to members of a minister's family?" The clerk said, "Are you a minister's wife?" She said, "No; but I hope to become one." I approach this bill in pretty much that same light. I approach it with the feeling that there are some imperfections in it, but we are making a start upon this iniquitous, cancerous growth that has fastened itself upon the body politic of the country and if we do not do any more than enunciate the principle in the first year, I shall be satisfied and will overlook the first imperfections in its administration.

Anybody who has had an opportunity to visit the slum areas of large cities, see the slatternly manner in which our citizens live, see children playing in the streets, note the lack of air and sunlight, and observe the opportunities for crime and disease, must surely have questioned himself at such times and wondered why such conditions exist in a land that prides itself upon its culture, its enlightenment, its freedom, and its opportunities. Here, then, in the form of the pending bill is the first major offensive against these slums in the hope that through the years they may be abolished from American life.

It is a vast program with many implications. But we have precedent for vast programs. The Home Owners' Loan Corporation was a huge undertaking. There was something enormous about the Agricultural Adjustment Act. There was an amazing scope to the relief program, and while the housing program is a huge undertaking, it is not too big or too complex for solution. The essential thing is that we make a start.

Much has been said about the cost. Yes; it will cost money. Everything in this world costs money. The cost is the tax on human progress. It costs money to build battleships; it costs money to build and operate schools and hospitals; it costs money to build and operate parks and playgrounds; it costs money to undertake electric-power development. In a way it seems ironical that we have spent so lavishly that electricity might be cheaper, without giving proper regard to the habitations in which our people shall use that electric power. We could build 200,000 homes, costing $5,000 each, for what we spend on the Army and Navy. I make the comparison not because I do not believe in national defense or that expenditures for national defense are fruitless and wasteful but only to indicate that decent shelter for our people is also worthy of our best attention.

It has been said that to provide housing subsidies for distressed people is a kind of discrimination against that class who will receive no benefits from low-cost housing or slum clearance. In theory that is true, but is it not also true that money expended for relief for those who are in need is also discrimination against those who are not in need and cannot qualify. Might it not be argued that payment of old-age pensions is a discrimination against the younger people of our land? Yet few, if any, have raised their voices against these measures on the ground of discrimination. We recognize a public duty in these various fields and are carrying out that duty without a murmur. By the same token there is a duty toward those unfortunate people who are bogged down in unhealthy, squalid, and insanitary slums and dwellings and who in the nature of things cannot extricate themselves.

As time goes on I fancy that we shall take the housing function of Government for granted, even as we now take for granted the theory and function of social security. It is but another case of where our charitable impulses are on the march.

As a former member of the Committee on Banking and Currency, I labored with the first housing bill that came to that committee. From that background and that experience I must confess dissatisfaction with some aspects of the pending measure. I feel certain, however, that when our housing venture is launched and the set-up made that many of the present objectionable features of the bill will be gradually softened and eliminated and the program established on a sound and workable basis.

Mr. WOLCOTT. Mr. Chairman, I yield 8 minutes to the gentleman from Michigan [Mr. CRAWFORD].

Mr. CRAWFORD. Mr. Chairman, rather than speak directly to the bill, I desire to ask the chairman of the Banking and Currency Committee two or three questions which are not clear in my mind. After having given additional consideration to the bill, may I ask the chairman of the Committee on Banking and Currency if he feels that the people with the lowest income, meaning by that income under $600 per year per family, can be accommodated under the provisions of this bill?

Mr. STEAGALL. I may say to the gentleman we have heard considerable complaint about the burden put upon the Treasury by applying the provisions of this bill to those whose salaries are in excess of that amount. I would not say that the provisions of the bill would take care of the class to which the gentleman refers. However, in some communities perhaps it would.

Mr. CRAWFORD. If, under the terms of the bill, the slums are demolished and wiped off the face of the earth, where are we going to house that class of people with a family income of less than $600 and how are the means to be provided for their housing?

Mr. STEAGALL. There is no evidence they are in the slums now. They are being taken care of by other methods.

Mr. CRAWFORD. Through welfare relief, for illustration?

Mr. STEAGALL. Yes.

Mr. CRAWFORD. The reason I bring that up is because I personally feel that if the Federal Treasury must provide the means for the sheltering of these people, that shelter should be provided through a Federal housing project, so that we could round up the whole proposition under one head. The people would then know that the Federal housing project is going to take care of the lowest-income family as well as the low-income family. I wanted to develop that in this debate for the benefit of those who have not had the privilege of sitting on the committee and listening to the hearings that were held.

It is my understanding those families are to be provided for in this bill through what we term "welfare relief." I want to bring that out clearly in the debate so the RECORD will show the situation. If they are so provided for, that still comes out of the Public Treasury, does it not?

Mr. STEAGALL. Of course, there will be those who have to be provided for by relief. It is not contemplated this bill is going to alleviate all of our difficulties.

Mr. CRAWFORD. That is what I wanted to develop, so that the RECORD would show it.

Mr. Chairman, I yield back the balance of my time.

Mr. WOLCOTT. Mr. Chairman, I yield the balance of my time to the gentleman from Alabama [Mr. STEAGALL].

Mr. STEAGALL. Mr. Chairman, I yield 10 minutes to the gentleman from Missouri [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, I do not presume I can add anything to the discussion at this late hour. For the last few years there has been a rather insistent demand for some kind of a public housing program. We have had rather hurried hearings on this bill. We come on the floor of the House with a number of divergent views, which extend all the way from those who do not want any contribution locally and who believe it is entirely a national problem to those who believe it is entirely a local problem and the National Government should not make any contribution at all.

We have tried to compromise the matter. This bill is only the beginning. If we are going to carry through a Nation-wide slum clearance and a low-cost housing program, this is just the beginning. I was not quite able to understand the gentleman from North Carolina, one of the distinguished members of the committee, who has given very much study to the housing problem. I was not able to understand whether or not he is in favor of any public housing program, because it must be recognized if we are going to have a slum-clearance and a low-rent housing program, we cannot at the same time and by the same program have individual ownership.

Of course, it is desirable, and all of us, I am sure, are in favor of a program which will encourage private ownership of homes, which is an ideal situation. It would be un-American for any man to contend to the contrary. However, we must recognize the fact that in the slum areas, not only of New York and Chicago, but of any cities throughout this Nation of a population of 50,000, 75,000, or 100,000, there is the problem of providing safe and more decent dwelling places for those who are living in insanitary and unsafe quarters. This bill is but the beginning of a program which it is hoped will in the long run provide this class of people with quarters in which to live. We must recognize that there is a part of our population which can never be home owners, and, this being true, we must provide homes for such people through a public subsidy.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from California.

Mr. COLDEN. Since this bill applies largely to slum clearance and the need of housing applies both to the city and the country, did the committee consider a plan of Government insurance which would encourage savings banks and banks which have savings departments to lend money direct to the applicants, thereby making the relief more widespread in its application than will this bill?

Mr. WILLIAMS. Of course, the gentleman realizes that we already have such a system in operation by which the Federal Housing Administration insures loans which are made by banks, building and loan associations, insurance companies, and other private institutions. We already have such a plan in operation, which is designed to and is encouraging the building of individual homes.

Mr. COLDEN. Does that plan reach the farmer to any great extent?

Mr. WILLIAMS. Absolutely; it will reach anybody who can get money from his home institution under a mortgage insured to the extent of 80 percent of the value of the property by the Federal Housing Administration. This plan is already in operation, and has done a wonderful work. The bill now pending is designed to try to take care of the people in the congested areas of the cities who do not have, and never will have, any hope of becoming individual home owners. They are there, I think, forever, and we must recognize this problem.

Mr. THOMASON of Texas. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Texas.

Mr. THOMASON of Texas. Do I understand the gentleman does not concur in the statement made by the gentleman from Massachusetts [Mr. LUCE], that there will be not exceeding 10 cities which will be the beneficiaries of this act?

Mr. WILLIAMS. Not at all. There is absolutely no limitation in this bill.

Mr. THOMASON of Texas. It will apply as well to the city of 100,000 as of a million population?

Mr. WILLIAMS. Absolutely. There is no limitation in this bill at all. The bill will apply to any city which has a congested slum area which must be cleared and replaced by modern quarters built for people who can pay a low rent.

Mr. THOMASON of Texas. Then what is necessary under the terms of this bill for a city of 100,000 to do in order to avail itself of the benefits of this act?

Mr. WILLIAMS. Such a city would make an application to the Federal Housing Administration, present its case, and show the necessity for relief. All you have to do is to convince them of the need and you will get the aid under this bill.

Mr. THOMASON of Texas. Are they clothed with absolute discretion in the matter of determining whether or not such a city of 100,000 can qualify in that it has slums which should be cleared?

Mr. WILLIAMS. Yes. You have to place somewhere the authority to determine who will qualify for these loans, grants, or contributions, and this authority is placed in the Federal Housing Authority. I do not say this bill will apply to a city of 1,000 or 1,500, for perhaps it will not; but if a city of 50,000, 100,000, 150,000, or 200,000 has slum areas, it can apply for relief under this bill, and if it does not have such areas, it does not get the relief.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from New York.

Mr. LANZETTA. I am pleased to see that the gentleman is interested in the problem of slum clearance in the various cities of the United States. May I ask the gentleman if it is not a fact that the limitation of $5,000 per family dwelling unit in section 15, subdivision 5, precludes the clearing of slums in most of the cities of the United States because of the high cost of labor and the high cost of the individual units in certain areas?

Mr. WILLIAMS. Not at all. Why should the cost be any more in Pittsburgh, for instance, than in Wichita, Kans., or Kansas City, Mo.?

Mr. LANZETTA. I shall be glad to explain if the gentleman will permit me.

Mr. WILLIAMS. That is, as far as the labor and the material are concerned. Then why should not any city be able to build for $5,000 a unit composed of four rooms, exclusive now of land, sidewalks, streets, and community service, when not 25 percent of the people of this country are living in houses which cost that much money?

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, I yield 7 additional minutes to the gentleman from Missouri [Mr. WILLIAMS].

Mr. WILLIAMS. I, for one, want to say that I am in favor of this bill and in favor of giving all the liberal provisions possible to those who are living in the larger cities, but I am not willing to subscribe to any proposition of building for the low-rent-paying people of this country in the congested areas quarters which are far better than those in which 75 percent of the people of this Nation live.

Mr. LANZETTA. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from New York.

Mr. LANZETTA. The gentleman asked the question as to the reasons for the difference in construction costs in the various areas of the United States. I might say to the gentleman that the labor costs in the cities of Philadelphia, New York, and other eastern and midwestern cities are much higher than the labor costs in the western and southern parts of the United States.

Mr. WILLIAMS. That is true to a certain extent; but, even granting that fact, I say again, coming as I do from a rural community, that while I am in favor of providing the subsidy which is granted under this bill in order to furnish low-rent housing to the people in the congested areas of the big cities of this country, I am not willing to subscribe to a plan which will build for them far better houses than those in which a majority of the people of this country live. [Applause.]

Mr. DEMUTH and Mr. LANZETTA rose.

Mr. WILLIAMS. I yield to the gentleman from Pennsylvania.

Mr. DEMUTH. I wish to make this observation. Fifteen hundred dollars a room is $1 a cubic foot, and the very finest apartments in New York City were built for 60 cents a cubic foot, and under the Home Owners' Loan Corporation in Pennsylvania they are not permitted to appraise any home at over 25 cents a cubic foot. If these authorities cannot build these apartments for $1 a cubic foot, when a home owner can build his own home for not over 30 cents or 35 cents a cubic foot, I would say they should sharpen their pencils and become more efficient. [Applause.]

Mr. WILLIAMS. The gentleman is right.

The gentleman from North Carolina [Mr. HANCOCK] is complaining about the cost. Of course, this is going to cost. You cannot have slum clearance or you cannot have low-cost housing units for people in the congested areas without somebody subsidizing them. You must do this.

Mr. CURLEY. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. On the other hand, we have the gentleman from New York claiming that the cost is not high enough. Under this bill we have tried to strike a happy medium. The bill originally came to us without a cent of local contribution in it. The Senate put something in it and we have put in the bill provisions requiring the localities to contribute, to start with, 15 percent, and then, in addition to that, provide 25 percent of the entire contribution paid annually by the local authorities and by the Government. We have struck what we think is a happy medium on that. There are a great many people who want to make the local contribution higher, and there are those, on the other hand, who do not want to provide for anything in this respect.

This is nothing new. There is no new policy in this bill. We have subsidized the building of highways and we have gone on a 50–50 basis. We have required the localities in the flood areas to make a local contribution to provide for the damages caused by reason of the construction work in such areas. We have required that in the building of levees the local authorities shall put up one-third of the cost in order to accomplish such purposes, when it is primarily a local matter. While I think this is largely a local problem, at the same time I think the Government ought to help.

Mr. CURLEY. Mr. Chairman, will the gentleman yield for a question?

Mr. WILLIAMS. I yield.

Mr. CURLEY. Does the gentleman know that the United States Government subsidized over 1,120,000 home owners, not only in the cities but all over the country, and that they bailed out the mortgagees who held mortgages amounting in total to $16,000,000,000? The Government bailed them out to the extent of one-sixth of that amount or approximately $3,000,000,000, and this proposition not only affects the cities, but the entire country as well.

Mr. WILLIAMS. The gentleman refers to the Home Owners' Loan Corporation?

Mr. CURLEY. Yes.

Mr. WILLIAMS. I do not consider that as bailing them out; although the Government, no doubt, will lose something on those loans.

Mr. CURLEY. That is a subsidy also.

Mr. WILLIAMS. This is a subsidy on the part of the United States Government to help the local authorities; but I recognize there is a national aspect to this matter, otherwise the Government would not be justified in putting a single cent into it. On the other hand, there must be substantial local contributions, and this bill provides for that; and, so far as I am concerned, I am not sure that the local contribution is enough, but it is the best we could do in committee, and it is a compromise.

Mr. FARLEY. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. FARLEY. I would like to have the gentleman make it clear that there is considerable difference between the Home Owners' Loan Corporation Act and this bill.

Mr. WILLIAMS. Absolutely.

Mr. FARLEY. There was an emergency, and we were saving homes, while in this instance we are undertaking to build new homes.

Mr. WILLIAMS. Absolutely; and, in addition to that, we took a mortgage on their homes for 80 percent of their value; and it was the intention and the hope that the United States Government would not lose a cent on account of that transaction; while here there is a direct subsidy. There is no question but what money has got to be paid out of the United States Treasury under this bill to subsidize these projects. As to what the amount of this subsidy will be, there seems to be a difference of opinion; but I will tell you what I think it will be, and I believe the figures will bear out my statement. If the plan is carried out to the maximum, I believe the Federal contributions will not exceed something over $11,000,000 annually. This sounds like a whole lot, but that is what it will be. There is no use trying to fool ourselves, and we should not be deceived into thinking this is not an absolute subsidy. We are paying out the money for that purpose, and there is no doubt about it.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield.

Mr. MOTT. Is the gentleman satisfied with the cost limitation in the House bill of $5,000 as the maximum per unit?

Mr. WILLIAMS. Personally, I am not.

Mr. MOTT. What does the gentleman believe the maximum should be?

Mr. WILLIAMS. I do not believe the amount should exceed $4,000. Personally, I think that is what it ought to be.

[Here the gavel fell.]

The CHAIRMAN. The time of the gentleman from Missouri has expired. All time has expired. The Clerk will read the House substitute for the Senate bill. Under the rule, it will be considered as an original bill, and amendments will be in order at the end of each section of the House amendment to the Senate bill.

The Clerk will read.

The Clerk read as follows:

DECLARATION OF POLICY

SECTION 1. It is hereby declared to be the policy of the United States to promote the general welfare of the Nation by employing its funds and credit, as provided in this act, to assist the several States and their political subdivisions to alleviate present and recurring unemployment and to remedy the unsafe and insanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income that are injurious to the health, safety, and morals of the citizens of the Nation.

Mr. STEAGALL. Mr. Chairman, I offer the following committee amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. STEAGALL: Page 35, line 1, after the word "income," insert a comma and the following: "in rural or urban communities."

Mr. STEAGALL. Mr. Chairman, that is merely a perfecting amendment to make the preamble of the bill conform to the substantive provisions.

The CHAIRMAN. The question is on agreeing to the amendment.

Mr. ELLENBOGEN. Mr. Chairman, I rise in opposition to the amendment. I am not opposed to the amendment, but I use this method to get an opportunity to speak on the bill.

I have been interested in the subject of low-cost housing and slum clearance for a long period of time. After making a broad and comprehensive survey of the subject I prepared a bill, H. R. 7399, and introduced it in the House of Representatives on April 10, 1935. A revised draft, H. R. 8666, was introduced by me on June 25, 1935.

At the opening of the 1936 session of Congress, Senator ROBERT F. WAGNER, of New York, and I combined and on April 3, 1936, we introduced a joint bill, H. R. 12164. Its fundamental principles and the financial structure which it proposed were the same as in my former bill. This bill received broad support throughout the United States. Outstanding national organizations of business, chambers of commerce, and large individual business concerns strongly supported it. Labor hailed it as the most important measure for social and economic recovery. The executive council of the American Federation of Labor, Mr. William Green, its president; Mr. John L. Lewis, president of the United Mine Workers and now leader of the C. I. O., and hundreds of other labor leaders all over the United States openly and enthusiastically endorsed it.

CHURCHES SUPPORT THE BILL

The Pennsylvania House of Representatives and other State legislatures, a large number of city councils, the United Conference of Mayors, a large number of mayors from large and small cities, have all endorsed this bill. I could go on indefinitely, but I just want to add a few more endorsements of outstanding importance: The Federal Council of Churches of Christ in America, the Unitarian Ministerial Union, the National Association of Housing Officials, the National Public Housing Conference, the National Urban League, the National Association for the Advancement of Colored People, and the National Board of Young Women's Christian Association.

On January 5, 1937, I again introduced the housing bill, H. R. 1489. The bill which formed the basis of the hearing before the Committee on Banking and Currency is substantially the same bill which I presented, but since then many changes have been made by the committee. Some of these changes I cannot approve, because I believe that they are detrimental to the purposes of the bill and that they will seriously handicap the execution of the objectives of the bill.

The bill for low-cost housing and slum clearance constitutes a realization of the fact that families of low income are not able to pay rent which is economically required for decent housing. Decent, safe, and sanitary homes cannot be built at a cost which would permit the fixing of a rental which familes of low income can afford to pay.

UNITED STATES FACING HOUSING SHORTAGE

For several years I have warned the Congress and the country that a housing shortage of greater proportions than we have ever witnessed in the United States was impending. Before we had yet emerged out of the depression I presented figures to prove that it was necessary to build between 7,000,000 and 10,000,000 homes in the United States during the next 10 years if we are to avoid a serious housing shortage, a housing shortage which would weigh most heavily on the low-income groups. That housing shortage has now become a reality not only in Pittsburgh but in other large and small cities all over the United States.

I regret that the committee has made such important changes in the bill. When it came before the Committee on Banking and Currency it was not an emergency bill. It was a well-considered and well-planned bill, designed to meet the long-term needs and to wipe out long-standing evils.

MILLIONS OF FAMILIES LIVE IN SUBSTANDARD HOMES

Even before the depression 11,000,000 families, or about 40,000,000 people, were living in substandard homes. That group is now much larger. It still continues to grow. The reason is found in the fact that a substantial part of the American people have been unable to pay the rental required for decent housing.

Even in the prosperous 1929 fully 40 percent of the American families earned less than $1,500 a year. In 1936, 39 percent of the families had incomes of less than $1,000. Nearly 48 percent had incomes of less than $1,250 and 55.4 percent had incomes of less than $1,500. Not more than 20 to 25 percent of the family income should be expended for rent. Thus it is apparent that these families are unable to pay the rent which is required for sanitary homes. If we are to have decent housing, the Government must step in and make up the difference through subsidies; otherwise low-income families will be unable to secure proper housing, the congestion in the slums and blighted areas will increase, and disease and crime will be on the upgrade.

LET US STOP SUBSIDIZING SLUMS

Every student of the problem knows that slums are a great expense to the cities in which they are located. The municipalities must supply extra police and fire protection and spend much more money for dealing with criminals and delinquents in slum areas than in other sections. When the cost of these municipal services is deducted from the small revenue received from slum areas we find that it costs the average municipality much more to tolerate the slum area than it would to eradicate it and to replace it with modern, safe, and sanitary homes.

I shall cite only one example. A survey of the slum area in the city of Cleveland showed that the total tax assessment against it amounted to $225,035—most of which was uncollectible—whereas the expenditure of the city for police, fire, health, school, and other municipal service for that area amounted to $1,971,000. Therefore, even if the city collected all the taxes in that slum area, it would have an annual loss of $1,746,000, a loss which must be borne by the home owners living in the other sections of the city this year, next year, and every other year until we eradicate the slums. Similar conditions exist in Pittsburgh, in Philadelphia, and in hundreds of other cities in the United States.

SLUMS CAUSE DEATH AND BREED DISEASE AND CRIME

Early this year seven people were burned to death in a firetrap in the slum sections of Philadelphia. Nineteen met a similar fate in New York. Other examples could be given.

In the city of New York the number of deaths from tuberculosis is 220 percent higher and the deaths from spinal meningitis, 240 percent higher in the slum areas than in other sections of the city.

Juvenile delinquency in New York is 100 percent higher in the slum areas than in the nonslum areas.

No one can defend the condition which exists today. An examination of the situation from a purely business viewpoint will show that it would be much better to subsidize decent and sanitary housing than to subsidize the slums, which we are now doing.

RESTRICTIONS IMPOSED BY THE COMMITTEE

The low-cost housing and slum-clearance bill which came before the Committee on Banking and Currency was substantially in the form in which Senator WAGNER and I had drafted it, but it was reported by the committee in a very much restricted form.

HOUSE LIMITS ELIGIBILITY OF FAMILIES

In the limited period of time at my disposal I can only refer to a few of these restrictions. The bill as I drafted it made the low-cost homes which are to be built available to all families of low income. The Senate put limitations on that provision. It provided that no family was eligible to occupy any of the homes to be built under the provisions of this bill unless its income did not exceed five times the

rental, or in the case of families of more than two minor dependents unless its income did not exceed six times the rental. The House committee in reporting this bill has carried this limitation to an even greater extreme by changing the 5- and 6-to-1 ratio to 4 to 1 and 5 to 1, respectively. That means that a family consisting of husband and wife and two minor children could not occupy a low-cost-housing project constructed under the terms of this bill if its income exceeds four times the rental charged for the low-cost-rental units. For instance, if rooms should rent for $5 each, and if such a family should want to rent a unit consisting of three rooms with a total rental of $15, it would be ineligible if its income exceeded $15 a week. In the example which I have given families with two dependent children would be ineligible to occupy such a unit if their income exceeded $720 a year. If you have families in your community with an income of $800, $900, or $1,000 per year, the limitation inserted in the bill by the House committee would eliminate them. This is a most severe restriction which will destroy the effectiveness of the bill, because a large number of the families who now live in slums will not be eligible. It must be eliminated from the bill, and I will offer an amendment to that effect, unless a member of the committee will do so.

Another restriction was written into the bill by the Senate. It limits the amount which may be spent in constructing low-cost housing to $1,000 per room, or $4,000 per unit. The committee of the House has improved this provision by increasing it to $1,250 per room, or an average of $5,000 for the construction of a unit. The House version of this provision is better than the Senate version, but even it is properly subject to criticism, and will make the bill unworkable in many cases.

Both the Senate and House committees have inserted provisions requiring local contributions which were not originally in the bill. This will delay the construction of projects in a large number of cities for a long time and may entirely prevent it in other cities.

DISTINCTION BETWEEN LOW-COST HOUSING AND SLUM CLEARANCE

Before I conclude I want to point out that there is a real and significant difference between slum clearance and the construction of low-cost housing. We can have slum clearance without constructing low-cost dwellings by dedicating the slum area, after it has been cleared, to some public use such as parks or playgrounds. We can construct low-cost housing without simultaneously clearing the slums by erecting these new homes on vacant lands. It is important to keep in mind the distinction between low-cost housing and slum clearance. These two terms are not synonymous. They may or may not occur at the same time.

The elimination of slums, the tearing down of dilapidated buildings, and the condemnation of the necessary land present very complicated problems. I for one hope that at the beginning of the operation of this bill much of the construction of low-cost housing will be done on vacant land in order to avoid the problems inherent in slum clearance and in order to speed up the erection of safe and sanitary dwellings at low cost. I hope that the administrator of this bill will not deviate from the purpose of this bill, which is the construction of low-cost homes, and that he will not insist that the construction be had in slum areas.

The fact that we are discussing this bill on the floor of the House of Representatives means a great victory for those of us who have fought for low-cost housing and slum clearance against terrific odds; but while I rejoice in the opportunity to pass a much-needed piece of legislation for which I fought for many years, I cannot help but express my deep disappointment in the many limitations and restrictions which have been inserted in the bill and which will make the bill unworkable and impractical in many cases. However, we have achieved one thing. We have achieved recognition by the Congress that it is the responsibility of our National Government to wipe out the slums and to assure decent, safe, and sanitary dwellings for families of low income; dwellings in which the children of America can grow up amidst light, air, and sunshine, and in which the parents of America can live among clean and healthy surroundings. If the bill passes in the form in which it now is or in a similar form, Congress must take the responsibility of removing the restrictions and limitations which render the bill unworkable. When this is done at some later session hundreds of thousands of American families who are now living in slums or blighted areas will be rehoused. Then we can have a better, a more decent, a more abundant life for those among us who are not blessed with worldly goods.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. ELLENBOGEN. Mr. Chairman, I ask unanimous consent to proceed for 1 minute.

The CHAIRMAN. Is there objection?

Mr. STEAGALL. Mr. Chairman, I ask the gentleman if he will not be content to extend his remarks from where he stopped, in view of the peculiar situation that exists. We are proceeding here with word passed around that we are to finish this bill tonight. In view of those circumstances I ask the gentleman and others please not to ask for an extension of time.

Mr. ELLENBOGEN. Can I not have 1 minute more?

Mr. STEAGALL. I will not object to 1 minute.

Mr. BEVERLY M. VINCENT. Mr. Chairman, I object.

Mr. CURLEY. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman is recognized for 5 minutes.

Mr. CURLEY. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection it is so ordered.

There was no objection.

Mr. CURLEY. Mr. Chairman, I listened very attentively all day to the debate on this very important piece of legislation. I did not hear one person who took the floor mention anything at all about the building collapse in this country since 1933. We have something like 66,000 tenement houses in the city of New York. Thirty-seven thousand of them are what they call old law tenement houses. There are about 1,500,000 people tenants of those houses.

I do not believe anyone could object when we go back to 1933 and see what this great country did for the bankers of this country when we bailed them out. If you get the report of the Federal Home Loan Bank in Washington you see there were over $16,000,000,000 of mortgages on the homes throughout this country. I am talking about dwellings now, and they are not in the big cities, either. They are out in the rural sections. They are not in New York, not in San Francisco, not in Detroit, not in any of the other big cities, but all over the country. The fourth report of the Federal home loan bank in Washington states that they bailed 16⅔ percent, or one-sixth of the total of $16,000,000,000, which makes it pretty close to $3,000,000,000 that Uncle Sam put up to help those people out.

The paralyzing effect which the crisis of the depression produced between the years 1929 and 1933 in the building industry alone is colossal when you take a view at the statistics. Here they are: In 1929, in one-family dwellings, there were 98,164 buildings erected. In 1933, one-family dwellings, 14,000; 1929, two-family dwellings, 27,000; in 1933, two-family dwellings, 2,000; in 1929, three-family dwellings, 183,000; in 1933, 9,000. Then an estimate of building construction in 120 cities in the United States is given as follows: In 1929, $2,489,553,000; in 1933, $262,942,000 was spent.

Now, there is a picture for you. I hope that the gentlemen in considering this proposition today will take into consideration that terrible catastrophe which we had only a few days ago at Staten Island, where 19 lives were lost in that appalling accident. We have a situation in New York City that is somewhat different than anywhere else. I think, in view of the fact that the city of New York pays something like 37 percent of the taxes that go into Uncle Sam's Treasury, they should be given some consideration in the matter of effective slum clearance.

Between 1918 and 1929 there were 15,660 fires in old-law tenements as against 4,413 fires in new-law tenements. The former caused 448 deaths; the latter only 56 deaths. In other words, with four times as many fires in old-law as in new-law tenements, there were eight times as many deaths. This ratio becomes even more startling for the year 1934. Up to April 15, 1935, there have been 46 deaths by fire in old-law tenements in the city of New York. Only four deaths occurred in new-law tenements. It is important to observe the increase in fires after 1929. The swing upward seems correlated to the economic depression and the fall in real-estate values, according to Charles Abrams, consultant to the New York City Housing Authority. Slums must go, and this bill is a step in the right direction and should be adopted.

Mr. ROBERTSON. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. Chairman, this bill opens with a very commendable statement, that its purpose is to promote the general welfare of the Nation. I have sat here all day, from the time the rule was presented until this moment, I hope with an open mind, and I hope casting aside any sectional prejudice or any thought of the fact that the only opportunity my district would have to share in this program would be to help pay the bill. I wanted to see if I could go along with those who proposed this particular remedy as the appropriate solution. I must confess that after listening to all the debate, I cannot see how we can say this proposal will—certainly in its present form—promote the general welfare of the Nation. I was glad to hear our distinguished committee member from Missouri, Mr. WILLIAMS, say that he did not favor the $5,000 limitation placed in this bill upon the individual unit. As a matter of fact, if you will look at page 56 of the bill near the bottom of the page, you will find that is not a definite maximum. That is but the average. It may be $2,000 in one section and $8,000, exclusive of a thousand or more for the land, in another section, whereas the average value of the farm houses of the Nation is only $1,100. The average value of all farm houses and outbuildings is only $2,020. Certaintly I hope this committee will support the gentleman from North Carolina, Mr. HANCOCK, who made a wonderful exposition of the real facts of this bill, and the gentleman from Missouri, Mr. WILLIAMS, in adopting the so-called Byrd amendment that was turned down, in the committee, I understand, by only one majority, in actually limiting this expenditure to $1,000 a room or $4,000 per unit.

You heard the gentleman from Pennsylvania tell you he was an appraiser for the H. O. L. C. in Pennsylvania, and he was limited, in appraising houses in that industrial State, to 25 cents per cubic foot, which would figure for the average home less than $500 a room. We cannot promote general welfare if we are going to take just a few of those who are underprivileged and put them into better homes and circumstances than the average self-supporting American citizen.

The distinguished Republican leader from New York [Mr. FISH] said that this bill would reach but 3 percent of the slum dwellers in the United States. With his usual novel approach to public issues he complained because the bill did not appropriate $5,000,0000,000 instead of half a billion; $5,000,000,000 of tax-exempt securities, when he has not lost an opportunity at this session to condemn this administration for what he termed a loose fiscal policy. He stood on this floor only last Monday and condemned our tax-loophole bill by saying that the real loophole had not been touched, the issuance of tax-exempt securities. But Mr. FISH need not worry because the bill does not immediately commit us to a $5,000,000,000 program. Mr. HANCOCK of North Carolina assured us it would ultimately commit us to a $50,000,000,000 program. [Applause.]

[Here the gavel fell.]

Mr. PHILLIPS. Mr. Chairman, I move to strike out the last three words.

Mr. PHILLIPS. Mr. Chairman, there has been considerable discussion here, and there probably will be more, of the cost per room on slum-clearance projects. I wish I had more time than the brief 5 minutes I get on a pro-forma amendment to tell from actual experience on a slum-clearance project what it costs per room in a city of 50,000 people in the metropolitan area of New York, what the demand for the rooms is, and how the whole project is working out. With the indulgence of the House I shall extend my remarks in the RECORD and include therein the facts and figures in this connection.

I have before me the cost over the United States, room for room, of various completed slum-clearance projects. For example, at Techwood, Atlanta, Ga., on a 2,124-room development the cost per room was $1,027. At University Heights, also in Atlanta, Ga., a project of 2,343 rooms the cost was $961 per room. At University Heights, Montgomery, Ala., 324 rooms, the cost was $1,210 per room. According to this table, the greatest cost per room was at Meeting Square Manor, a white project, and Cooper River Court, colored, both in Charleston, S. C., $1,793 per room, with some 700 rooms. The lowest cost project within the continental limits of the United States is the William D. Patterson Courts in Montgomery, Ala., 524 rooms, at $872 per room.

As I say, I wish I had time to break down these figures and show from actual experience as mayor of a city of 50,000 people, with nearby communities of several thousands, totaling in all 70,000 people, our experience with Fairfield Court, a United States Government slum-clearance project in our community. The newspaper in that community is a Republican paper, the Stamford Advocate. I have known it a great many years, but have never seen it very extensive in its praises of Democrats or the Democratic Party, yet the editor of this newspaper has been on the housing committee of Stamford, Conn., from its inception and supports this project 100 percent.

On my data sheets here the break-down shows that in the metropolitan area of New York it cost us some $1,601 a room, and, Mr. Chairman, there was no waste. The job was efficiently done.

In the final analysis, now that it is done, what is the average rental cost per room? It is $5.82 plus the utilities; that is, electricity, heat, water, and so on, making a total of $8.77.

Mr. WHITE of Ohio. Mr. Chairman, will the gentleman yield?

Mr. PHILLIPS. I am sorry; I cannot yield.

Mr. WHITE of Ohio. What is the subsidy?

Mr. PHILLIPS. I shall be pleased to answer if the gentleman can get me more time. There are 18 two-room units at $23.50 a month rent, including utilities. These are scaled to an annual income bracket of $1,320. And so it goes up to $36.40 for five-room units scaled to income brackets proportionately.

[Here the gavel fell.]

Mr. PHILLIPS. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

Mr. STEAGALL. I shall be forced to ask the gentleman to extend his remarks in the RECORD.

Mr. BEVERLY M. VINCENT. Mr. Chairman, I object.

Mr. IZAC. Mr. Chairman, I rise in opposition to the pro-forma amendment.

Mr. PEARSON. Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. IZAC. Mr. Chairman, after the rather discouraging experience of the past few weeks, it is especially gratifying to know that a start is about to be made on at least a third of the President's program.

We have heard that phrase "ill-fed, ill-clothed, and ill-housed", and apparently most of us gave at least lip service to the correction of these three evils. It seems that now we are about to take the first step in the direction of putting a roof over the heads of those who, because of the inadequacy of our national wage scale and the unequal distribution of the national wealth, have been in the past unable to provide proper housing for themselves.

I want to compliment the committee on their ability to report out a bill of this character in the face of opposition that knows how to be intense when it comes to providing for the needs of the less-favored one-third of our population. I am glad that this committee has seen the wisdom of broadening the base of home ownership. Why, as long ago as 1841, the immortal Charles Dickens grasped the true significance of home ownership when he wrote:

The ties that bind the wealthy and the proud to home may be forged on earth, but those which link the poor man to his humble hearth are of the truer metal and bear the stamp of Heaven. The man of high descent may love the halls and lands of his inheritance as a part of himself: as trophies of his birth and power; his associations with them are associations of pride and wealth and triumph; the poor man's attachment to the tenements he holds, which strangers have held before, and may tomorrow occupy again, has a worthier root, struck deep into a purer soil. His household gods are of flesh and blood, with no alloy of silver, gold, or precious stone; he has no property but in the affections of his own heart; and when they endear bare floors and walls, despite of rags and toil and scanty fare, that man has his love of home from God, and his rude hut becomes a solemn place.

Oh, if those who rule the destinies of nations would but remember this—if they would but think how hard it is for the very poor to have engendered in their hearts that love of home from which all domestic virtues spring, when they live in dense and squalid masses where social decency is lost, or rather never found—if they would but turn aside from the wide thoroughfares and great houses, and strive to improve the wretched dwellings in by-ways where only poverty may walk—many low roofs would point more truly to the sky, than the loftiest steeple that now rears proudly up from the midst of guilt, and crime, and horrible disease, to mock them by its contrast. In hollow voices from workhouse, hospital, and jail, this truth is preached from day to day, and has been proclaimed for years. It is no light matter—no outcry from the working vulgar—no mere question of the people's health and comforts that may be whistled down on Wednesday nights. In love of home, the love of country has its rise; and who are the truer patriots or the better in time of need—those who venerate the land, owning its wood, and stream, and earth, and all that they produce, or those who love their country, boasting not a foot of ground in all its wide domain? (Ch. 38, pt. 2, The Old Curiosity Shop (1841), Charles Dickens.)

Now, Mr. Chairman, I campaigned in 1934 and 1936 on the same kind of a program that our beloved President and the whole Democratic Party adopted in the campaign that ended so successfully last November. Once I tasted the dregs of defeat and once mounted to the heights of victory. And candor makes me say that the reason I am here today is because the policy I advocated was the one which met with the approval of the 300,000 people in my district.

I said and we said that the ills which continue to afflict our country must be obliterated and the way we proposed to do that was by retiring our old people, outlawing child labor, and giving to our working people wages commensurate with a truly American standard of living. What did that mean? Simply that we had to provide the cost of production plus a fair profit to our farmers, and to those who labor in other walks of life, a wage and hour condition above the minimum that decency demands. The President, in carrying out his promise to the people of America, has done his part. Some of us here, who try to act in a representative capacity for our people, have tried to do our part. But a whole program has been sabotaged by the work of those who, bent upon denying to the people the rights they possess, are using every means at their disposal to obstruct the principal points of that program. Let me explain. Some 15 bills were introduced providing a better pension for our old people. The authors of these bills were even denied a hearing before the committee. The chairman of another committee took the floor and promised that a certain bill would never see the light of day from his committee.

Relief for agriculture was denied because it was said that the Representatives of some of the farming groups have not been able to unite on a program. It might not be inopportune to remark, at this time, that perhaps one of the reasons the farming groups could not get together may have been that they were engaged like one of them admitted, in lobbying against another bill in no way connected with agriculture. The Agricultural Committee made a start in the direction of farm tenancy. Yesterday we saw the pitiful spectacle of another committee sitting as a court of last resort, and attempting to deny funds for the proper prosecution of even this small and totally inadequate beginning of a noble experiment. And last but not least, we see a majority of the Rules Committee aiming a death blow at the basic policy of the Democratic Party—a death blow at the hopes and aspirations of millions of the downtrodden of the Nation. My friends, I can view this only as a deliberate attempt to sabotage the New Deal. I denounce it as such. I shall not be a party to it, and I shall continue to strive for the enactment of wage and hour legislation, farm legislation, and low-cost housing legislation until the philosophy of the New Deal has been vindicated and the program consummated.

But I warn these opponents of real democracy to sail hereafter under their true colors. They are sowing the wind but they will reap the whirlwind. [Applause.]

The CHAIRMAN. Without objection the pro-forma amendments will be withdrawn.

There was no objection.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Alabama.

The amendment was agreed to.

The Clerk read as follows:

DEFINITIONS

SEC. 2. When used in this act—

(1) The term "low-rent housing" means decent, safe, and sanitary dwellings within the financial reach of families of low income, and developed and administered to promote serviceability, efficiency, economy, and stability, and embraces all necessary appurtenances thereto. The dwellings in low-rent housing as defined in this act shall be available solely for families whose net income does not exceed four times the rental (including the value or cost to them of heat, light, water, and cooking fuel) of the dwellings to be furnished such families, except that in the case of families with three or more minor dependents, such ratio shall not exceed five to one.

(2) The term "families of low income" means families who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use.

(3) The term "slum" means any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

(4) The term "slum clearance" means the demolition and removal of buildings from any slum area.

(5) The term "development" means any or all undertakings necessary for planning, financing (including payment of carrying charges), land acquisition, demolition, construction, or equipment, in connection with a low-rent-housing or slum-clearance project, but not beyond the point of physical completion. Construction activity in connection with a low-rent-housing project may be confined to the reconstruction, remodeling, or repair of existing buildings.

(6) The term "administration" means any or all undertakings necessary for management, operation, maintenance, or financing, in connection with a low-rent-housing or slum-clearance project, subsequent to physical completion.

(7) The term "acquisition cost" means the acquisition cost of a low-rent-housing or slum-clearance project to the Authority or to a public housing agency, as the case may be.

(8) The term "average family-dwelling-unit cost" means the average construction cost, in a fiscal year, of a dwelling unit based on all the dwelling units in all the projects for which the Authority has made loans, grants, or annual contributions during said fiscal year. The date of the first allotment of funds for a project shall be used to determine within which fiscal year such project is to be included for the purpose of ascertaining said average. In computing the family-dwelling-unit cost, there shall be excluded the cost of the land, demolition, and nondwelling facilities. The term "nondwelling facilities" shall include site development, improvements and facilities located outside building walls (including streets, sidewalks, sanitary utility and other facilities), and administrative, educational, recreational, and commercial facilities in the project.

(9) The term "going Federal rate of interest" means, at any time, the annual rate of interest specified in the then most recently issued bonds of the Federal Government having a maturity of 10 years or more.

(10) The term "public housing agency" means any State, county, municipality, or other governmental entity or public body (excluding the Authority), which is authorized to engage in the development or administration of low-rent housing or slum clearance.

(11) The term "State" includes the States of the Union, the District of Columbia, and the Territories, dependencies and possessions of the United States.

(12) The term "Authority" means the United States Housing Authority created by section 3 of this act.

Mr. CROWTHER. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CROWTHER: Page 36, line 4, after the word "area", strike out the period, insert a comma and the following: "and embraces the adaptation of such area to public purposes, including parks, parking areas, or other recreational or community facilities."

Mr. CROWTHER. Mr. Chairman, this is a very slim and incomplete definition of what slum clearance is. As defined in the House bill, it means demolition and removal of buildings from any slum area. As I read the Senate bill, which language is stricken, it reads:

And may embrace the adaptation of such area to public purposes, including parks, parking areas, and other recreational or community facilities.

May I say there may be a great many instances in which it may not be desirable to build houses after the present buildings are razed, but the property may be useful for other purposes, such as recreational or as a playground or as a parking space, which will bring in revenue and tend toward a lessening of the financial burden of the Government and of the local housing authority. I hope the language may be retained in the bill.

Mr. REILLY. Will the gentleman yield?

Mr. CROWTHER. I yield to the gentleman from Wisconsin.

Mr. REILLY. Does the gentleman expect that the Housing Authority will purchase a slum area on which it does not build?

Mr. CROWTHER. That might be possible.

Mr. REILLY. They have no business doing so under this bill.

Mr. CROWTHER. Why not?

Mr. REILLY. They have only the right to purchase the land on which they are going to build.

Mr. CROWTHER. There are slum areas in many sections that ought to be wiped out completely, as not being a decent place on which to build houses. It may be over behind a railroad track. It may not have the proper environment. But the property may be useful for a parking place in the business district that may bring in revenue.

Mr. REILLY. That is a matter for the city to decide if it wants to make a parking place out of it.

Mr. CROWTHER. I think it might be left discretionary. Before the project is started it might be a good idea to give some thought to what may be done with the land, if it is not feasible to build in that immediate locality.

Mr. STEAGALL. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I was under the impression the gentleman intended to offer an amendment which would include the exact language of the Senate bill. The gentleman has offered an amendment which does not include all of the language of the Senate bill. The definition in the Senate bill is: "And may embrace the adaptation of such area to recreational purposes", and so forth, which would leave discretion in the Federal Housing Authority to do that work and accomplish that purpose in cases where it is found to be practicable and desirable. But according to the amendment offered by the gentleman from New York [Mr. CROWTHER], the Federal Housing Authority would be required so to use the area formerly occupied, whether it was practicable or not, and that might prevent the establishment of a project for the reason they could not comply with this paricular provision. The language used in the amendment makes it mandatory that they employ such area in that way.

If the gentleman will examine the bill, he will see that there is a requirement where slum clearance is needed and a new project is put in to take the place of the old slums which are to be removed. There is a mandatory requirement in the bill that that be done if satisfactory arrangements can be made. We are going to offer a committee amendment to the effect that the Housing Authority may defer the time when that shall be done, so that it may take care of the varying conditions in each locality as they involve each particular district. If the gentleman will read the provisions of the bill as they now stand, including the amendment we are going to offer, he will find the amendment he has offered will hamper the Federal Housing Authority in carrying out this law.

Mr. Chairman, for the reasons indicated, I ask that the amendment be defeated.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment to the amendment offered by the gentleman from New York [Mr. CROWTHER].

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT to the amendment offered by Mr. CROWTHER: Before the word "embraces" in the first line, strike out the word "embraces" and insert "may embrace."

Mr. WOLCOTT. Mr. Chairman, the purpose of my amendment is to make the Crowther amendment read as the Senate bill read when it came to us. There has been a great deal of discussion concerning the advisability of the local housing authorities being allowed to construct parks, playgrounds, and so forth, in connection with these projects. I think it is most desirable that these vacant pieces of land which, we believe, may exist between the units be utilized. If this amendment is not adopted, the bill contains a prohibition against the use of this land for any purpose incident to the clearing of slums and making these places of decent habitation.

I believe the intent of this House should be expressed to the Authority which we set up here in that in addition to making these decent, sanitary places in which to live, that we give the youngsters who are compelled to live under these conditions a fair chance for their lives and limbs. We are spending in all municipalities millions of dollars for playgrounds to keep the children off the streets. The W. P. A. has spent thousands of dollars, perhaps millions of dollars, helping municipalities keep the children off the streets and has aided the various cities in constructing playgrounds, kindergartens, and so forth, the things that are desirable as appurtenances to these projects.

I hope the House this afternoon will just be a little humane as well as charitable and allow the Authority, if it sees fit, to utilize whatever vacant space there is between units for the purpose of constructing playgrounds, and that is all the Crowther amendment, as I have amended it, means. I hope the committee will agree to it.

[Here the gavel fell.]

Mr. WILLIAMS. Mr. Chairman, I rise in opposition to the amendment to the amendment.

It is very evident that the purpose of this amendment is to place upon the National Housing Authority the burden of subsidies for the cities' playgrounds, parking spaces, kindergartens, and other things, which is not the purpose of this bill. This amendment means that after these places are cleared of the slums you shall turn them into playgrounds, swimming pools, municipal operas, or other community activities, services which the cities themselves ought to perform for the people and which they are now performing. This amendment will relieve the cities of that burden and place it upon the Housing Authority, and the United States will pay for it. This is all the amendment means, and it should be voted down. Otherwise, the money could be used not for housing purposes, which is the purpose for which we are passing this bill, but to build playgrounds, swimming pools, or kindergartens, which is a function the city itself should and must perform.

Mr. Chairman, I ask that this amendment be voted down.

Mr. CRAWFORD. Mr. Chairman, will the gentleman yield for a question?

Mr. WILLIAMS. I yield to the gentleman from Michigan.

Mr. CRAWFORD. There are no financial provisions in the bill to take care of the cost of this operation?

Mr. WILLIAMS. No. I should say no, however, if you put in this amendment, these activities would be carried on at the expense of the Authority.

Mr. CRAWFORD. If we now insert this provision there is no appropriation provided in the bill for building these playgrounds and places of amusement.

Mr. WILLIAMS. No; I should not think so.

Mr. CRAWFORD. So the money we would intend to be used for housing would then have to be used for these projects.

Mr. WILLIAMS. Absolutely. You will simply take the funds we are proposing to use in building low-rent housing for the people who need it and with these funds perform a community service which the city itself ought to perform if such service is necessary. This is all the amendment means.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT] to the amendment of the gentleman from New York [Mr. CROWTHER].

The amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from New York [Mr. CROWTHER].

The amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 36, lines 18 and 19, after the word "project", strike out "to the Authority or", and after the word "agency" strike out "as the case may be."

Mr. WOLCOTT. Mr. Chairman, this bill nowhere contemplates that the Authority referred to in this section shall acquire any land, so, of course, there will not be any acquisition cost charged to the Authority. Undoubtedly, this provision was put in because when the bill was originally drawn it provided that the Authority might set up demonstration projects, and, of course, in the construction of these demonstration projects land must be acquired. It is in order that there may be no inference that it is our intention that the Authority may acquire land or build these projects itself, and to keep the bill consistent with this idea, that my amendment is offered.

Mr. STEAGALL. Mr. Chairman, the amendment is only a clarifying amendment, and there is no objection to it.

Mr. WOLCOTT. This amendment merely clarifies the language and brings this particular section of the bill into line with all the other provisions.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer a substitute amendment to the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of North Carolina: Page 36, strike out all of subsection 7 and insert a new section reading as follows:

"The term 'acquisition cost' means the amount prudently required to be expended by a public-housing agency in acquiring or developing a low-rent housing or slum-clearance project."

Mr. HANCOCK of North Carolina. Mr. Chairman, this amendment clarifies the section as it is now. The language in the section now, "The term 'acquisition cost' means the acquisition cost", does not mean anything. This is a clarification of the section, and I think carries out the purpose for which this section is intended.

Mr. STEAGALL. Mr. Chairman, there is no objection to the substitute proposal of the gentleman from North Carolina, as far as we are concerned.

Mr. WOLCOTT. Mr. Chairman, I am willing to accept the substitute and ask unanimous consent that I may withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DOCKWEILER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise to ask a question of the chairman of the committee. As I understand this bill, it is not essential that the proper sort of an organization set up in a municipality have slums to clear. I do not think that in my city of Los Angeles we have slums, but we might desire the use of this method of subsidy to take care of low-rent housing.

Under the terms of this bill, would it be possible to have a project for low-rent housing for the use of Government employees? There are about 26,000 sailors aboard the United States fleet at Los Angeles Harbor, and many of them live on land with their wives and children. They are paid an average of $35 to $50 a month. Could the municipality of Los Angeles, in setting up the proper organization to seek these subsidies, build a low-rent housing project for the housing of these Government employees?

Mr. STEAGALL. Undoubtedly, they could.

The pro-forma amendment was withdrawn.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. HANCOCK].

The amendment was agreed to.

Mr. CASE of South Dakota. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASE of South Dakota: On page 35, line 11, after the word "families" insert "of citizens of the United States."

LET US START WITH CITIZENS

Mr. CASE of South Dakota. Mr. Chairman, it has been clear in all of the debate that whatever the cost of these projects is it involves a subsidy for the benefit of a particular project. Under some figures that have been presented, the eventual cost to the Government will exceed the original outlay, counting the rent subsidies that will come in the years that are to follow. The cost so far as an individual project is concerned for a family is limited to $5,000. The cost of the land will increase the cost so that the individual unit cost will be about $6,000. My amendment is designed to provide that if we are going to start on this program—and a program of slum clearance is undoubtedly a worthy aim—we shall start with citizens of the United States.

The more you think of it the more you will realize there can be little objection to this amendment. One-third of the people of this country may be underhoused, but, certainly, far more than two-thirds of them do not live in houses that cost $5,000. Yet, without such a limitation we shall have a proposition whereby people who do not live in houses costing $5,000 will be taxed to subsidize both the building and the rent of houses costing $5,000 which can be occupied by people who are not citizens of the United States. In any proposal for charity it is a perfectly good rule that charity begins at home. Let us start with citizens.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. CASE of South Dakota. Not now, as my time is limited. The gentleman can rise in opposition to the amendment if the gentleman wishes to do so.

More than this, it is a good proposition to require that in starting this enterprise, it shall be limited to citizens of the United States or to families of citizens. This will put a premium upon citizenship and encourage citizenship.

Personally, I think the rule adopted by an industrial concern in my district that when they put on new employees they require that they shall have taken out their citizenship papers, is a perfectly good rule. I may say, incidentally, that this company experiences no great labor trouble, because they do put a premium upon citizenship and they treat their employees as good citizens. It helps both ways.

I doubt if any Member of this House can go home to his district and justify voting for a proposal that starts the building of housing units costing $5,000 or $6,000 for people who are not citizens of this country. Once in a while I

think it is a good time for somebody to look at the needs of the citizens of the country.

I do not see how there can be any objection to an amendment requiring that—

The dwellings in the low-rent housing as defined in this act shall be available solely to families of citizens of the United States whose net income—

And so forth. I urge your support of the amendment, which inserts the words "of citizens of the United States."

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments to this section do now close.

Mr. ELLENBOGEN and Mr. HANCOCK of North Carolina reserved the right to object.

Mr. ELLENBOGEN. Mr. Chairman, I call the attention of the gentleman from Alabama to the fact that I have an amendment that goes to a vital part of this bill, and I would like to have an opportunity to explain it for a few minutes.

Mr. STEAGALL. Mr. Chairman, I withdraw the request for the moment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota [Mr. CASE].

Mr. PHILLIPS. Mr. Chairman, I wonder if we may have the amendment read again. A doubt arose in my mind as to whether, under the terms of the amendment, a man who is a citizen of this country but whose father or mother is not a citizen could get the benefit of such housing.

The Clerk again read the Case amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Dakota.

The question was taken; and on a division (demanded by Mr. ELLENBOGEN) there were—ayes 76, noes 64.

Mr. LANZETTA. Mr. Chairman, I ask for tellers.

Tellers were refused.

So the amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. WOLCOTT: Page 37, line 4, after the word "the", insert the word "average."

Mr. WOLCOTT. Mr. Chairman, this is merely a perfecting amendment, and undoubtedly the word was left out by inadvertence.

Mr. STEAGALL. Mr. Chairman, I have no objection to that amendment.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 37, strike out lines 4 to 10, inclusive.

Mr. HANCOCK of North Carolina. Mr. Chairman, the effect of the amendment which I have offered is twofold but has the same general objection. First, it would make the land cost and demolition cost a part of the per dwelling unit cost. It is my purpose a little later on in the bill to offer an amendment which limits the per dwelling limit cost to an average of $4,000 and the per room cost to $1,000, whichever is lesser. In addition to that, this amendment cuts out the provision which would enable the United States Housing Authority or the local housing authority, in determining the cost of the dwelling unit, to include the cost of the nondwelling facilities. In other words, if you adopt this amendment, the recreational, educational, commercial, and other outside appurtenances which the committees should provide, cannot be included as a part of a project for loans, grants, or annual contributions.

This amendment has been supported within the past 20 minutes by the distinguished gentleman from Missouri, Mr. WILLIAMS, and I do not believe any man who understands its purport will vote against it. There can be no possible justification for talking about building $5,000 dwelling units for people who live today in the slums and also authorizing the Federal Government to finance nondwelling facilities which may under the present amendment in this bill run the per dwelling unit cost in some instances up to $8,000, for the only limitation in the bill now is that the average cost shall not exceed $5,000 not including the cost of land and demolition. In addition to that, under the language of section 15, subsection (5), the authorities will never know what the average cost of dwelling units in a project would be until the last project during the fiscal year has been let. It really means nothing so far as a restriction. It is, however, quite similar to many other provisions in the bill. I hope this House will join with me in restricting the per dwelling unit cost to $4,000 and strike out the authorization for nondwelling facilities such as playgrounds, nurseries, kindergartens, and things of that kind, which every man here knows is surely a problem for the local authorities. [Applause.]

Mr. HOOK. Mr. Chairman, I rise in opposition to the amendment. There is no doubt in my mind that there is a definite effort made here to emasculate this bill. I notice that the gentleman who preceded me was opposed to the bill. I have been reliably informed that this housing cannot be extended to the cities and the slum areas eliminated if you cut the per room cost down to $1,000. If you do not want a bill, if you do not want low-cost housing, if you do not want this bill to be successful, then vote in favor of this amendment, but if you want this bill to be successful, vote against the amendment. I notice that the amendments that have been presented to this bill have been presented from the Republican side of the House, and you Democrats have sat over here and voted along with those who want to emasculate the bill. It is about time that we Democrats join together to fight the Republican organization and do not sell our great President down the line. Let us cut it out and vote down this amendment and hereafter show our appreciation of what our great leader has done.

The time has come to tell the truth about the opposition that is now waging its bitter last-ditch fight against our great President—Franklin D. Roosevelt. Every Democrat in this House knows full well what is behind this opposition. Every Democrat—yes, and every Republican—knows that it is the aristocracy of entrenched wealth fighting for its very life—battling against the great objectives of the most progressive Democratic administration we have had in the whole history of our Republic.

This Nation could not long survive as a democracy if the greedy, grasping hand of gloating wealth should succeed in its efforts to crush the President of the United States. Make no mistake, my friends, this fight is a fight to a finish. Either we are going to win and go forward or we are going to lose and sink back into that bog of utter despair that engulfed and was slowly but surely crushing the life out of the Nation. But we are not going to lose.

Franklin D. Roosevelt entered the White House March 4, 1933, facing the most confused, distressing, desperate social and economic situation any President has had to confront in times of peace. We all know, the world knows, with what courage, with what infinite God-given vision, with what fortitude, and with what success President Roosevelt met that situation. We all know how President Roosevelt raised this Nation and our people out of that seemingly hopeless situation. At that time there was none too proud, too strong, too humble to give him credit.

And now what has happened? The very men who in 1933 were begging the President for help, the very men whose fortunes he rescued, raised again to the high pinnacle of arrogant and aristocratic wealth, are seeking to destroy the man who gave them back their lives. They are the men who are striving to array class against class, who are seeking to create caste, who are desperately fighting to preserve their domination and to make peasants of half the population.

I cannot go into detail as to what has been accomplished by the Roosevelt administration; that would take too long; but I can recite briefly what objectives the opposition is

trying to destroy, and which objectives must be realized if the New Deal program is to be rounded out so that that third of our population ill-clad, ill-fed, and ill-housed may be given their right to live as they should live, and so that 5 percent of the population shall not control the other 95 percent.

I have already spoken somewhat in detail about the wage and hour bill. We know that the same forces who are opposing this bill are the forces that are opposing effective Federal programs for agriculture; the same forces that gloated when the Supreme Court declared the N. R. A. and the A. A. A. unconstitutional; the same forces that defeated the President's judiciary reform bill; the same forces that opposed the confirmation of Senator BLACK as a member of the Supreme Court. They do not want any man on that Court who has any sympathy with the New Deal. Does any Member of this House believe that the men who opposed the confirmation of Senator BLACK would have opposed the confirmation of Senator BURKE or Senator CLARK or Senator O'MAHONEY? No; the Tories, the economic royalists, the aristocracy of wealth want a Court that is against the New Deal. I believe that the selection of Senator BLACK has met with the general favor of a vast majority of the people of the Nation. With deliberation, the President found and recommended for appointment a man whose record has always been for the people and against the over-privileged. It is a blot on the escutcheon of America that those who opposed the nomination of Senator BLACK first whispered, and then brought the charge that in some way he was supported by the Klan.

The unfairness of false accusations of this kind is made apparent by his achievements. They are made by leaders of the Republican Party, which is at present dominated by powerful interests centering in my own State of Michigan. These same political interests did not hesitate several years ago to ally themselves with the Klan. They did not hesitate in 1936 to aline themselves closely with the Black Legion, referred to in my address in the RECORD of April 29. The partnership between the Wolverine Republican Club of Detroit and the Black Legion was proven in court trials that sentenced 18 Black Legion killers guilty of murder. It was at this club in Findlater Hall School that former Gov. Wilber Brucker, stalwart G. O. P. leader of Michigan, announced his candidacy for the United States Senate, against the incorruptible Senator James M. Couzens, well beloved throughout Michigan and the Nation. In Jackson County, where the Republican Party was formed; Oakland County, and Genesee, counties where the automobile industry centers, the Black Legion flourished hand-in-glove with Republican political clubs, frequently using the club headquarters as a blind for their wicked activities. In fact, the political connection with the Black Legion was so close that at the Republican State convention at Grand Rapids, it is reported the leader of the Wayne County delegates took the talisman of the Black Legion, a silver bullet, from his vest pocket and flicked it from hand to hand on the platform in order to indicate to other Black Legion delegates attending the Republican convention how they should vote in nominating Wilber Brucker as a delegate to go to the Cleveland convention, there to endorse for the Presidency of the United States a favorite Michigan son of the G. O. P. This favorite son was not nominated. He did not comment on the endorsement; nor has his voice, so vigorous in criticisms of constructive features of the New Deal, been raised at any time to my knowledge in criticism of this Black Legion connection with his party—so well known in Michigan that the 1936 Republican convention is known as the "silver bullet convention."

In addition to their being killers, the courts of Michigan found that these Black Legion members were also guilty of aiming to overthrow our very Government by armed resistance, and a half dozen or so of the flower of their membership were bundled off to jail on this proven charge.

The opposition to President Roosevelt and the New Deal care not what methods they use to accomplish the defeat of the President. How ghastly it is now to witness Republicans in high places trying to summon against a man charges that he was a Klansman, when as we all know those same Republicans welcomed with eager, open arms the support of the Klan in the campaign of 1928.

I repeat, the forces fighting President Roosevelt do not want a Court that will give the New Deal a square deal. I grant you that there appears to have been somewhat of a change in the Court in its attitude toward New Deal legislation. But in the light of the decision in the Hoosac-Mills case, what assurance have we that any legislation providing real equality for agriculture will be declared constitutional? Two members of the Supreme Court have the fate of all New Deal legislation in their hands. If they should change their minds again all the progressive legislation that Congress may pass—the wage and hour bill, farm legislation, and everything else—would be thrown out the window.

Today we are faced by the same conditions in agriculture that preceded the depression. Unless the Federal Government has adequate power to cope with surpluses, the return of years of normal weather means inevitably that farm prices will drop. We now see that the agricultural conservation program, basically sound insofar as soil conservation is concerned, does not and cannot keep the production of basic commodities in line with the needs of our domestic market and the limited export markets now open to our trade.

Mounting surpluses of cotton demand the attention of Congress or cotton prices will again collapse in the grip of depression. The potato growers of the North are equally concerned with a tremendous crop in the making, that without Federal assistance, will so depress prices that potato growers throughout the Nation will face a lean, hard winter.

Another corn crop such as the one we have is sure to reduce the price of corn unless we have adequate Federal farm programs, and the Corn Belt, the greatest market of this Nation, will have little money with which to buy needed things.

The Farm Board at a cost of over $350,000,000 net loss, proved by its failure that in the case of mounting surpluses properly guided crop control is essential to our agricultural and national prosperity. The Farm Board was well worth what it cost, if we heed its lesson, but we cannot and must not be forced to continue the same Farm Board program that helped substantially to throw this Nation into the chaos of the recent depression. In cooperation with approximately 4,000,000 farmers, President Roosevelt has shown the way to meet and conquer farm depression, and to return this Nation to prosperity. It is our duty as statesmen to spend this summer until called into session again in careful consideration as to the most effective way in which we can support our President and best serve our people by continuing and not impeding the program of recovery.

President Roosevelt rescued agriculture from the worst depression the farmers and laborers of the United States ever experienced.

In 1932 the gross returns to agriculture totaled $5,337,000,000. The gross income for 1937 apparently will approximate $10,000,000,000. As never before, the people of America have been made aware that farm prosperity and national prosperity go hand in hand. As a direct result of the return of prosperity to the farmer, the automobile factories of Michigan increased their output, and the mines of my State were reopened. Business throughout the Nation was quickened following each successful attack on the farm problem by the A. A. A.

Are we going to take chances on a return to the conditions that engulfed agriculture in 1932? We all know how imperative it is that we pass a farm bill and a wage and hour bill that will prevent a return of those conditions. But some of us apparently do not realize that the farm problem and unemployment problem is still an emergency problem. We are close upon the time when the farmers must figure out their plans for next year—they are already making their plans. Shall we defer action? I say no. I fervently hope that President Roosevelt will summon Congress back to Washington early this autumn for the special

purpose of enacting a general farm bill, wage and hour bill, and other controversial legislation. With this legislation out of the way, Congress, when it meets in regular session in January, can speedily dispose of routine business and adjourn early so we can all go back home and find out whether our constituents are satisfied with the way we have represented them.

Mr. FISH. Mr. Chairman, I rise in opposition to the amendment. I had hoped that somebody on the Democratic side would oppose this amendment, because if it is adopted, as far as New York City is concerned, the bill is dead. We may as well face the facts. If the Members on the Democratic side who are responsible for legislation deliberately want to sabotage the bill, vote for the Hancock amendment, because under this amendment we cannot build any projects in New York City for slum clearance. I am not so enthusiastically in favor of this bill, but I want to be fair, and I shall vote against the amendment, because this is the only slum-clearance bill before us.

I do not propose to sabotage it, and that is what you are doing, whether knowingly or unknowingly. I had hoped somebody on the Democratic side among those trying to steer this bill through would get up and oppose the amendment and tell the truth as to what it would do to the bill. All I have got to say is this: If you want the bill sabotaged, vote for this amendment; otherwise vote it down and help enact the only slum-clearance and low-cost housing bill presented to the Congress. I do not claim it is perfect, nor does it represent my own views of what should be done, but I believe it is a much-improved bill over that which passed the Senate, and the New York Times editorially this morning takes the same view of it in the following words:

> But if the better features of both measures are retained, a great step forward will have been taken in improving the living standards of our poorest groups and ending the evils of the slum.

Mr. McGRANERY. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I was on my feet at the time the gentleman from New York [Mr. FISH] obtained recognition. I rose to say exactly what the gentleman from New York has stated to the Members of this House. This is a direct attempt to sabotage and scuttle this housing bill. I say, Mr. Chairman, that we in the committee have sat for 10 days, and there was no man or no woman who appeared before that committee and demonstrated to us that this plan could be carried through under the amendment offered by the gentleman from North Carolina [Mr. HANCOCK]. The lowest possible cost that we could get in the evidence before that committee was the one that the committee finally adopted with some elasticity, giving it a maximum of $5,000. I say to the Members of this House, take the Hancock amendment and then you can move to adjourn, because you will have no housing bill at all.

I cannot urge on the membership of this House to vote down the amendment too strongly; by so doing give to the poor of our cities an oppotrunity to rear their families under conditions that will insure to these sturdy, hard-working citizens some sense of security, which, after all, is only an equal opportunity.

Mr. STEAGALL. Mr. Chairman, I would like to have the amendment again reported.

The Clerk again reported the amendment offered by Mr. HANCOCK of North Carolina.

Mr. STEAGALL. Mr. Chairman, of course it is difficult to know just where we are going when we undertake to deal with the matter of details, and we know that ought to be left and entrusted to the administration of this act; but we cannot fail to recognize that in some of the metropolitan areas of the country the cost of construction projects necessarily exceeds that to be incurred in many other localities throughout the country.

In recognition of that fact we have undertaken to place two limits in this bill, one being $5,000 as the cost of construction, excluding the land and other things that enter into the project itself. The other limitation is that the Authority may not go beyond the cost of similar projects in the localities where the project is undertaken, the measure being the cost incurred in such construction by private enterprises. If this is to be a workable bill and is to accomplish the primary purposes contemplated by those who are responsible for it, the safe thing to do is to leave this language in the bill with the limitations that are set up, and put some little trust in the common sense and fidelity of the men who will administer this law.

I hope the amendments will be voted down.

Mr. Chairman, I ask unanimous consent that all debate on this section and all amendments thereto do now close.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

Mr. ELLENBOGEN. Reserving the right to object, Mr. Chairman, I hope the gentleman will limit it to this amendment because I have an amendment that I believe to be of importance.

Mr. STEAGALL. I will withdraw the request for the present.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. HANCOCK].

The question was taken; and on a division (demanded by Mr. HANCOCK of North Carolina) there were—ayes 59 and noes 77.

So the amendment was rejected.

Mr. ELLENBOGEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. ELLENBOGEN: On page 35, line 11, after the word "exceed", strike out "four" and insert "five"; in line 16, after the word "exceed", strike out "five" and insert "six."

Mr. ELLENBOGEN. Mr. Chairman, this amendment restores the language of the Senate amendment. That amendment was offered in the Senate as a restriction on the bill, as originally introduced, but the House amendment goes even further than the Senate amendment. The amendment which I have offered restores the Senate version of the bill.

I want to say this is a matter of vital importance. Whether or not this bill is workable depends to a large extent on what you do on this amendment. Under the definition, as it is now in the bill, any family head who earns eight or nine hundred or a thousand dollars would not be eligible to live in these places in many cases. Let me give you an example. The bill as reported by the committee says that the occupancy of the dwelling shall be limited to families whose income does not exceed four times the rent. So that if a man has a wife and two children and rents a dwelling of three rooms in one unit at a rental of $5 a room, the total rent will be $15. Four times 15 is 60, which means that no family would be allowed to occupy that unit if it has a yearly income in excess of $720. Any man earning in excess of $720 would not be eligible to occupy such units. To put such a limit in the bill is to destroy its usefulness. Let us be more liberal; let us be just to families who need decent and sanitary housing. Let us at least be as liberal as the Senate was. Let us make it at least five times the rental. In the case of a man who has three minor dependents or more, the proportion of income to rental will be 6 to 1. This is a vital point.

I want Members of the House to realize what they are voting on. I hope that you will increase the number of people who can live in these dwellings. Are you going to go back into your districts and say to the head of a family making $16 a week, who has a wife and two children to support, that he cannot live in such a low-cost housing project? That is exactly what the committee version says.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. ELLENBOGEN. Yes; gladly.

Mr. PHILLIPS. Does not the gentleman think it would be fairer to strike out any limitation?

Mr. ELLENBOGEN. That may be so; but then the bill could not pass this House. Let us go back at least to the

Senate version and not destroy this bill entirely. Why pass it at all? Why not say you are not in favor of it? If you are in favor of the purpose of the bill, you must be in favor of this amendment.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I regret, indeed, that the gentleman from Pennsylvania seems so concerned about this proposition, inasmuch as he has given a great deal of thought and consideration to slum clearance and low-cost housing.

If the bill means anything, it means that we are going to provide dwellings for those within the extremely low-income brackets, because we think at least that those dwellers in slums, these slums which we want to clear up, are in the very lowest-income brackets. I felt when we passed upon this provision in the committee, and I like to feel now, that we are helping no class of citizens outside of the class within the very lowest-income brackets. I do not know that there is very much justification for building homes under this bill for people who can afford to provide themselves with better quarters.

It was thought that there might be people with low income who did not live in the slums, and that by giving them a break, giving them the opportunity to move into a little better character of home, we might be able to take care of many of the people who lived in the slums. That is why low rentals were put into this bill, to insure to the people of the country that the people in the lowest-income brackets instead of those who were able to pay for better accommodations would be taken care of.

We followed, I believe, the advice of the distinguished Senator from New York, the author of the bill in the Senate, in adopting this amendment to reduce these figures to four and five, respectively. I understand that on the 2d of August Senator WAGNER introduced an amendment. What happened to it I do not know; but if I read this bill correctly, although I cannot speak for him, it was Senator WAGNER'S purpose to keep this within the low-income bracket and to give this relief to the people with the lowest incomes.

If we are going to keep this a low-cost housing bill, a slum-clearance bill, we have got to keep it down. Do you want to subsidize people who can afford to move into better accommodations, or do you want to subsidize the people who, because of their unfortunate condition, are compelled to live in the slums? I have felt that this was a bill to help those people who had to live in the slums because of their extremely low incomes. I do not want to vote for a bill to subsidize a better place to live to those who can afford to pay for it. I do not want to give a subsidy of the Federal Government to people who can afford better accommodations.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. McCORMACK. I appreciate the gentleman's views, but the thought occurs to my mind whether or not by making it four instead of five the gentleman is not accomplishing the direct opposite of his desire. We know that costs are a great deal more than $6 or $7 per month a room; that if we did not provide a 45-percent grant it would run as high as $10 or $11 a room. Suppose a man made a salary of $15 or $18 a week—and there are lots of families in the slum districts that have an income of just about that amount—how can these people pay $6, $7, or $8 per month per room?

Mr. WOLCOTT. We are only kidding ourselves. A lot of people who live in these slums that we are going to clear up are on W. P. A. now; we are subsidizing them anyway.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, the amendment offered by the gentleman from Pennsylvania simply means that we raise the income standard to where the benefits of this legislation in the one instance goes to those who earn five times the amount of the rent as against four times as now provided in the bill, and in the other instances the standard of income would be raised from five to six times the annual rent.

The purpose of the legislation is to extend benefits to those of as low-income standard as it is possible to reach. The gentleman's amendment defeats this purpose.

I express the hope that the Committee will vote down the amendment.

Mr. GIFFORD. Mr. Chairman, I wish to take a minute to repeat the argument I tried to make this afternoon. Why all this fuss in trying to determine this rent matter by simply the income? It is the expense which the man may be up against that determines his ability to pay. He may have sickness in the family; he may have a large family to support. All sorts of other conditions enter into ability to pay the rent. You cannot measure his ability by four or five times the income he receives. Why place so much reliance on that phase of it?

Mr. Chairman, I said something today about aliens. I shall now lose about all the chance I ever had of getting any of the slum-clearance aid. I mention this because of the recent vote against families of aliens. Your attitude of liberality toward the alien suddenly changed. Where are you going to place them? They usually have very large families. You have now deprived them of this aid even as you did the W. P. A. assistance.

Mr. CRAWFORD. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Michigan.

Mr. CRAWFORD. I want to ask the gentleman a question, because on this question very largely determines my vote on the bill. Is it the gentleman's understanding this bill which we are now considering is so drawn that those with family incomes of $600 or less per year can be accommodated under the provisions of the bill?

Mr. GIFFORD. That is the attempt in the bill, but his ability to pay cannot always be measured by the exact amount of his income.

Mr. CRAWFORD. A few moments ago I asked the distinguished chairman of the Committee on Banking and Currency if he felt that way about it and, if I understood him correctly, he does not take that position on this bill at all.

Mr. PETTENGILL. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Indiana.

Mr. PETTENGILL. Is it not true that the effect of the Ellenbogen amendment would be to reduce the number of very low income families that would be benefited by the bill?

Mr. GIFFORD. Of course, many would take advantage who should not be included in this attempt to aid those now living in slum areas. It will take years of experimentation to determine who should be the beneficiaries under this plan.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. ELLENBOGEN].

The amendment was rejected.

The Clerk read as follows:

UNITED STATES HOUSING AUTHORITY

SEC. 3. (a) There is hereby created in the Department of the Interior and under the general supervision of the Secretary thereof a body corporate of perpetual duration to be known as the United States Housing Authority, which shall be an agency and instrumentality of the United States.

(b) The powers of the Authority shall be vested in and exercised by an Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate. The Administrator shall serve for a term of 5 years and shall be removable by the President upon notice and hearing for neglect of duty or malfeasance but for no other cause.

(c) The Administrator shall receive a salary of $10,000 a year, shall be eligible for reappointment, and shall not engage in any other business, vocation, or employment. Neither the Administrator nor any officer or employee of the Authority shall participate in any matter affecting his personal interests or the interest of any corporation, partnership, or association in which he is directly or indirectly interested.

(d) An Advisory Board is hereby established in the Authority, which Board shall consist of nine members to be appointed by the President. The Board shall make recommendations to the Administrator on matters relating to the policies of the Authority, and shall meet upon call of the Administrator. The members of the Board shall receive no annual salaries for their services on the Board but may be paid necessary traveling expenses and reasonable per-diem compensation for services performed. In selecting members of the Board, the President shall have due regard to

representation of public housing, labor, construction, and other interests, and various geographical areas of the country.

SEC. 4. (a) The Administrator is authorized, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, to employ and fix the compensation of such officers, attorneys, experts, and employees as may be necessary for the proper performance of the duties of the Authority under this act.

(b) The Administrator may accept and utilize such voluntary and uncompensated services and with the consent of the agency concerned may utilize such officers, employees, equipment, and information of any agency of the Federal, State, or local governments as he finds helpful in the performance of the duties of the Authority. In connection with the utilization of such services, the Authority may make reasonable payments for necessary traveling and other expenses.

(c) The President may at any time in his discretion transfer to the Authority any right, interest, or title held by any department or agency of the Federal Government in any housing or slum-clearance projects (constructed or in process of construction on the date of enactment of this act), any assets, contracts, records, libraries, research materials and other property held in connection with any such housing of slum-clearance projects or activities, any unexpended balance of funds allocated to such department or agency for the development, administration, or assistance of any housing or slum-clearance projects or activities, and any employees who have been engaged in work connected with housing or slum clearance. The Authority may continue any or all activities undertaken in connection with projects so transferred, subject to the provisions of this act.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 39, line 10, strike out "Sec. 4", beginning with the word "The", down to and including the word "act", in line 16 of same page, and insert in lieu thereof the following:

"The Administrator is authorized, subject to the civil-service laws and the Classification Act of 1923, as amended, to appoint and fix the compensation of such employees as may be necessary for the proper performance of the duties of the Authority under this act, except that without regard to the civil-service laws he may appoint and fix the compensation of attorneys, and, under regulations to be prescribed by the Civil Service Commission, of such officers and experts as may be necessary to carry out the purposes of this act: *Provided*, That employees transferred pursuant to paragraph (c) of this section or drawn from any department or agency of the Government where they have been engaged in work connected with housing or slum clearance shall not thereby acquire a permanent or civil-service status, but after 90 days such of them as the Administrator desires to retain may be included within the civil service upon certification by the Administrator to the Civil Service Commission and upon passing a noncompetitive examination given by such Commission."

Mr. RAMSPECK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Michigan [Mr. WOLCOTT] yield to the gentleman for a parliamentary inquiry?

Mr. WOLCOTT. I yield to the gentleman for the purpose of propounding a parliamentary inquiry provided it is not taken out of my time.

The CHAIRMAN. It will be taken out of the gentleman's time.

Mr. WOLCOTT. Mr. Chairman, I decline to yield.

Mr. Chairman, much to my surprise the House Committee on Banking and Currency had the effrontery to strike out section 4 of the Senate bill which my amendment seeks to put back into the bill.

In substance the committee provided that notwithstanding the provisions of the laws applicable to the employment and compensation of officers and employees of the United States under the civil service or the Classification Act, the administrator could without limitation, except as to appropriation, employ whatever clerks he saw fit without regard to the civil-service laws or the Classification Act.

I want to refer you to section 3 (a) of this bill. You will find in this act that we create in the Department of the Interior and under the general supervision of the Secretary thereof a body corporate of perpetual duration. In section 4 of this act we provide that the employees of that body corporate of perpetual duration shall be outside of the civil-service laws and outside of the Classification Act.

Mr. Chairman, we understand and you understand that the only purpose of this action on the part of the majority members on the Committee on Banking and Currency is to give somebody an opportunity to appoint under the spoils system. You will have the ironical situation in the Department of the Interior of a stenographer in one of the existing departments under the civil service, after having passed a competitive examination to get the position, working alongside of another stenographer sent down there through the patronage of some Member of Congress or somebody down in the Post Office Department or somewhere else and drawing any salary which the Administrator might set.

Let us be sensible and let us be fair and honest with ourselves if we cannot be fair and honest with the people who sent us down here. I hope as you gentlemen will read the Bible tonight before you go to bed that you will take up your platform upon which you were elected to this Congress and read it. The inference was carried in that platform that you believed in the perpetuation of the principles of the civil service. If you vote to set up this perpetual corporation to be used as a patronage grab bag, that is your responsibility; but I do not think you should do it without either myself or someone else over here calling attention to the fact that you are doing it.

This bill contemplates the employment of thousands of clerks, stenographers, engineers, experts, architects, and so forth.

This will constitute the biggest patronage grab that you on that side will have had since you have been in this Congress. Take it if you want to. It is your responsibility.

[Here the gavel fell.]

Mr. STEAGALL. Mr. Chairman, the purpose of this amendment is to restore to this bill the provision that not only requires all employees, in the performance of their duties under the act, to be subject to civil-service rules, but goes beyond any provision of which I have any knowledge of ever having been adopted by the Congress. This provision requires that all experts and officials, exclusive of attorneys, experts, and officials of the type which have always been exempted from civil-service rules, as far as I am informed, shall be selected under regulations prescribed by the Civil Service Commission.

The Committee on Banking and Currency thought it ought to expedite the organization of the Federal Housing Authority and has left that provision out of the bill in order that the Authority might not experience unnecessary delay in the initiation of its duties and activities. We hope the amendment will be voted down.

Mr. WOLCOTT. Mr. Chairman, will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from Michigan.

Mr. WOLCOTT. May I say to the gentleman——

Mr. STEAGALL. I did not yield for another speech, if the gentleman will permit. If the gentleman wants to ask me a question, I yield to him for that purpose.

Mr. WOLCOTT. No; I just want to make this observation and a request.

The gentleman from Michigan will accept any amendment to his own amendment which the gentleman approves and which will put the employees of this organization on the same basis as the other employees in the Department of the Interior.

Mr. STEAGALL. It so happens that I have all the duties I am equal to carrying right now, and more, too, and I decline to accept the responsibility suggested by the gentleman from Michigan.

Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The CHAIRMAN. The question is on the motion of the gentleman from Alabama.

The question was taken; and on a division (demanded by Mr. WADSWORTH) there were—ayes 85, noes 59.

So the motion was agreed to.

Mr. RAMSPECK. Mr. Chairman, I offer a substitute for the amendment of the gentleman from Michigan.

The Clerk read as follows:

Amendment offered by Mr. RAMSPECK as a substitute for the amendment offered by Mr. WOLCOTT:

Page 39, line 10, after the comma following the word "authorized", strike out the words "without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States."

Mr. PETTENGILL. Mr. Chairman, I ask unanimous consent that, despite the action just taken, in courtesy to our colleague, the chairman of the Committee on the Civil Service, he may be given 5 minutes to explain his amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

Mr. HILL of Oklahoma. I object, Mr. Chairman.

Mr. STEAGALL. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. STEAGALL. As I understand the language of the amendment, it is in effect and meaning a repetition of the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

Mr. RAMSPECK. Mr. Chairman, the gentleman cannot make an argument under the guise of stating a point of order. The gentleman would not let me make an argument. If the gentleman wishes to make a point of order, he should state it.

Mr. STEAGALL. I am undertaking to make the point of order that the effect of this amendment is the same as the effect of the amendment offered by the gentleman from Michigan.

Mr. RAMSPECK. That is not a point of order. The gentleman is taking an unfair advantage under his own motion.

The CHAIRMAN. The Chair must respectfully remind the gentleman that the Chair cannot rule upon the effect of language submitted. As the Chair caught the reading of the amendment, it is certainly couched in language different from the language used in the amendment offered by the gentleman from Michigan. Therefore the Chair overrules the point of order.

Mrs. ROGERS of Massachusetts. Mr. Chairman, is it not the custom when the death of a Member occurs to conduct some memorial or pay a tribute to that Member? I should think it ought to be in order to pay tribute to the death of a great committee. I have the honor of serving on the Committee on the Civil Service, of which the gentleman from Georgia [Mr. RAMSPECK] is chairman, and that committee is dead. It has been choked to death. [Laughter.]

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Georgia.

The substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. WOLCOTT].

The question was taken; and on a division (demanded by Mr. WOLCOTT) there were—ayes 63, noes 103.

So the amendment was rejected.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of North Carolina: Page 39, line 1, after the word "meet" and before the word "upon", insert the words "at least twice a year."

Mr. ELLENBOGEN. Mr. Chairman, I make the point of order that this section has been passed, and therefore the amendment comes too late.

The CHAIRMAN. The gentleman from Pennsylvania makes the point of order that the section to which the amendment is offered has already been passed. The Chair sustains the point of order. Section 4 is now under consideration.

Mr. CRAWFORD. Mr. Chairman, I offer an amendment which is at the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. CRAWFORD: Strike out all of section 4 (a) and insert:

"The Administrator is authorized, subject to the civil-service laws and the Classification Act of 1923, as amended, to appoint and fix the compensation of such employees as may be necessary for the proper performance of the duties of the Authority under this act, except that without regard to the civil-service laws, but subject to such regulations as the Civil Service Commission might prescribe, he may appoint and fix the compensation of attorneys and experts as may be necessary to carry out the purposes of this act."

Mr. NICHOLS. Mr. Chairman, I make the point of order that the contents of the amendment are identical with the amendments just voted on a moment ago, offered by the gentleman from Michigan and the gentleman from Georgia.

The CHAIRMAN. As the Chair has stated, the Chair cannot pass upon the effect of the language employed. As the Chair heard the reading of the amendment, it is couched in different language from that employed in the previous amendments considered by the Committee, and, therefore, the Chair overrules the point of order.

The question is on the amendment offered by the gentleman from Michigan [Mr. CRAWFORD].

The amendment was rejected.

The Clerk read as follows:

SEC. 5. (a) The principal office of the Authority shall be in the District of Columbia, but it may establish branch offices or agencies in any State, and may exercise any of its powers at any place within the United States. The Authority may, by one or more of its officers or employees or by such agents or agencies as it may designate, conduct hearings or negotiations at any place.

(b) The Authority shall sue and be sued in its own name, and shall be represented in all litigated matters by the Attorney General or such attorney or attorneys as he may designate.

(c) The Authority shall have an official seal, which shall be judicially noticed.

(d) The Authority shall be granted the free use of the mails in the same manner as the executive departments of the Government.

(e) The Authority, including but not limited to its franchise, capital, reserves, surplus, loans, income, assets, and property of any kind, shall be exempt from all taxation now or hereafter imposed by the United States or by any State, county, municipality, or local taxing authority. Obligations, including interest thereon, issued by public housing agencies in connection with low-rent-housing or slum-clearance projects, and the income derived by such agencies from such projects, shall be exempt from all taxation now or hereafter imposed by the United States.

Mr. WILLIAMS (interrupting the reading of the section). Mr. Chairman, I ask unanimous consent that the further reading of the section be dispensed with.

Mr. RAMSPECK. Mr. Chairman, I object.

The Clerk concluded the reading of the section.

Mr. AMLIE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. AMLIE: Page 41, line 17, after the word "States", insert:

"Subsec. (f). The Authority may engage in research, studies, surveys, experimentation, and experimental constructions, and may publish and disseminate information pertinent to the various aspects of housing: *Provided*, That not more than 2 percent of the funds expended by the Authority shall be for this purpose."

Mr. AMLIE. Mr. Chairman, what I have done in proposing this amendment is to insert a provision that was stricken from the Senate bill and to add a limiting proviso to the effect that not more than 2 percent of the funds to be expended under the provisions of this act is to be expended for experimental purposes. In my opinion, Mr. Chairman, there was a real justification for the inclusion of this item in the Senate bill, and it is extremely unfortunate that the House committee should have stricken this provision from the Senate bill. This provision was inserted in the Senate bill as a result of the experience which has been gained by Government architects in attempting to administer various Federal functions having to do with the subject of housing, particularly as a result of the building activities of the Rural Resettlement Administration.

During the past half a century there has been a tremendous advance in practically all fields of technology. Only in the field of housing has this not been true. With the exception of work in the field of housing using structural steel, the art of house construction has been at a standstill for decades. This is not due to the fact that there has not been a great deal of thought devoted to this subject by architects and inventors. As a matter of fact, the intellectual atmosphere of engineers and architects is filled with hundreds of plans for revolutionary changes in the field of construction. But unfortunately these plans remain in the realm of theory. There is no field in which they can be tried out experimentally. Individual contractors cannot afford to spend money for experimental work in this field in the manner that one of the great corporations might try out in their laboratories some idea in which they might be interested. There is an obvious reason for this.

If General Motors learn about some idea in the field of internal-combustion engines, the corporation is safe in spending money on the problem. The company has its laboratories. It will own the idea if it works. But the individual contractors cannot afford to experiment. If a small contractor discovers anything in the construction field, he cannot control it. The discovery will promptly be taken over by the building industry. Besides, the small contractor is not financially able to experiment. If the ideas that have been floating around for years in the engineering world regarding new and radically different methods for the construction of houses are to be brought down to earth and tried out, the Federal Government must provide the means for doing so.

In my opinion, it is quite likely that exhaustive research in this field will outweigh in importance the main benefits which we expect from the enactment of this measure. It is quite possible that methods of construction will be demonstrated or perfected that will make it possible to build adequate housing units at a cost that will be far less than anything that is now considered possible. At least this is the belief that is entertained by many of my friends who are engineers and architects. Since it is obvious that we shall not have the benefits of scientific experimentation and research in the field of housing unless it is financed by the Federal Government, I feel that in the exercise of sound discretion we ought to reinsert the provision from the Senate bill that has been stricken from this measure. I urge upon the committee that, with a limitation of 2 percent, the provision that was in the Senate bill ought to be retained in the House bill.

Mr. HANCOCK of North Carolina. Mr. Chairman, I rise in opposition to the amendment. I do so for the reason that notwithstanding the worthy objectives which the gentleman probably has in mind, there was a provision in the Department of Commerce appropriation bill for the Bureau of Standards, providing an amount of $300,000 to carry on research and experimental work in housing problems. This would be but a duplication.

There is absolutely no need of our taking a part of this money for the same purpose, especially in view of the fact we are going to have to use about $1,000,000,000 over a period of 60 years in subsidies for this program and then fall far short of reaching that group of our families in the lowest-income brackets. Every dollar you take away from this fund means raising the income level of the group that can occupy the so-called low-rent housing projects. For this reason the amendment, in my judgment, should not be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. AMLIE].

The amendment was rejected.

The Clerk read as follows:

SEC. 6. (a) The Authority may make such expenditures, subject to audit under the general law, for the acquisition and maintenance of adequate administrative agencies, offices, vehicles, furnishings, equipment, supplies, books, periodicals, printing and binding, for attendance at meetings, for any necessary traveling expenses within the United States, its Territories, dependencies, or possessions, and for such other expenses as may from time to time be found necessary for the proper administration of this act. Such financial transactions of the Authority as the making of loans, annual contributions, and capital grants, and the acquisition, sale, exchange, lease, or other disposition of real and personal property, and vouchers approved by the Administrator in connection with such financial transactions, shall be final and conclusive upon all officers of the Government; except that all such financial transactions of the Authority shall be audited by the General Accounting Office at such times and in such manner as the Comptroller General of the United States may by regulation prescribe.

(b) The provisions of section 3709 of the Revised Statutes (U. S. C., 1934 edition, title 41, sec. 5) shall apply to all contracts of the Authority for services and to all of its purchases of supplies except when the aggregate amount involved is less than $300.

(c) The use of funds made available for the purposes of this act shall be subject to the provisions of section 2 of title 3 of the Treasury and Post Office Appropriation Act for the fiscal year 1934 (47 Stat. 1489), and to make such provisions effective every contract or agreement of any kind pursuant to this act shall contain a provision identical to the one prescribed in section 3 of title 3 of such act.

(d) No annual contribution, grant, or loan, or contract for any annual contribution, grant, or loan of funds under this act shall be undertaken by the Authority except with the approval of the President.

Mr. WHITE of Ohio. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. WHITE of Ohio: Page 41, strike out section 6A and insert:

"SEC. 6. (a) The Authority may make such expenditures, subject to audit under the general law, for the acquisition and maintenance of adequate administrative agencies, offices, vehicles, furnishings, equipment, supplies, books, periodicals, printing and binding, for attendance at meetings, for any necessary traveling expenses within the United States, its Territories, dependencies, or possessions, and for such other expenses as may from time to time be found necessary for the proper administration of this act. Such financial transactions of the Authority as the making of loans, annual contributions, and capital grants, and the acquisition, sale, exchange, lease, or other disposition of real property shall be subject to preaudit by the General Accounting Office acting under the authority and powers conferred upon it by the act of July 31, 1894 (28 Stat. L. 162) and the act of June 10, 1921 (42 Stat. L. 20) as amended."

Mr. WHITE of Ohio. Mr. Chairman, section 6 (a) as it stands in the bill, as reported by the Committee on Banking and Currency, provides for an audit by the General Accounting Office, with the power of disallowance of all vouchers covering expenditures for purchases of supplies, vehicles, furnishings, books, and so forth, but when it comes to the major expenses of the United States Housing Authority, that is, the making of capital grants, annual contributions and loans, and the acquisition and sale and exchange and lease of real property, the General Accounting Office merely has the power to audit the vouchers in the same way that an outside auditor audits the vouchers of a corporation. The Comptroller General would merely report to the Congress expenditures that he did not believe to be legal, but he would have no power to disallow an illegal expenditure. Where large sums of money are involved in the case of loans and grants and annual contributions, the purchase and sale of property belonging to the Authority, it seems to me that expenditures should be subjected to audit with the power of disallowance, and that to be really effective, such audit must be a preaudit.

The limitations in this bill will not mean a single thing unless we place power for somebody to check the expenditures as they are made and as we go along and make sure that they conform to the limitations imposed by Congress itself, and I ask the Committee on Banking and Currency to accept this amendment and the Committee of the Whole to accept the amendment.

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. WHITE of Ohio. Yes.

Mr. REILLY. Does the gentleman's amendment provide for an audit of loans and grants?

Mr. WHITE of Ohio. That is correct. This is included with audit of expenditures.

Mr. REILLY. That would be absolutely impossible and impracticable.

Mr. WHITE of Ohio. I do not think it would. They are doing more complicated things at the present moment.

Mr. FORD of California. Does the Comptroller General audit loans and grants made by the R. F. C.?

Mr. WHITE of Ohio. They are not expenditures. I do not think he does.

Mr. FORD of California. That is the same principle.

Mr. WHITE of Ohio. No; these are expenditures where all the money does not come back. In other words, expenditures, and not merely loans, in the ordinary sense of the word.

Mr. REILLY. But it does come back on loans.

Mr. WHITE of Ohio. Only a portion of the money comes back under this bill.

Mr. REILLY. All of the money comes back on loans.

Mr. WHITE of Ohio. It is frozen away from the Federal Treasury, at first, and it comes back only in limited measure. The money can go out in a certain expenditure, be expended at a certain cost per room, and you can only do certain

things. Anybody in the world would want a check by the responsible agency of the Government, which in this case is the Comptroller General, to make sure that what you have written into the bill will be done, and nothing else.

Mr. EBERHARTER. If the bill is enacted as written by the committee, in other words, if the Housing Authority will expend more than $5,000 per unit, that would be all right, there would be no check upon it. The only thing the Comptroller General could do would be to come in and report that too much money had been expended; whereas if the gentleman's amendment is adopted the Comptroller General could stop the Authority from spending more than the law allows.

Mr. WHITE of Ohio. That is correct.

Mr. SHORT. Under the gentleman's amendment we lock the stable before the horse is stolen.

Mr. WHITE of Ohio. Yes, and if you do not have this sort of limitation in the bill you do not have any check on expenditures authorized under the bill; no safeguards on the average cost of $5,000 per unit or any of the other provisions of the bill, except administrative expenses as outlined a moment ago.

Mr. WILLIAMS. Mr. Chairman, under the provisions of this section or subsection, all the financial transactions are audited as the Comptroller General of the United States may by regulation prescribe, and in addition by another provision in the bill all of the loans and all of the contributions and grants are subject to the approval of the President of the United States.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

The question was taken; and on a division (demanded by Mr. WHITE of Ohio) there were—ayes 43, noes 76.

So the amendment was rejected.

Mr. GIFFORD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GIFFORD: Strike out, beginning on page 43, line 1, all of subsection (d).

Mr. GIFFORD. Mr. Chairman, I will not take the 5 minutes. I think everyone realizes how ridiculous it would be to impose upon the President of the United States, with the heavy duties he has to perform, that he shall inspect and approve all these items. I realize too fully that they will simply be referred to somebody else. Already we hear rumors which seem well founded; that in my State of Massachusetts all matters are referred to a certain room in the White House, so that certain people close to the President may take full responsibility and credit for anything affecting Massachusetts being released from that building. Not only are the present duties altogether too onerous, but this offers a splendid field for favoritism by those who are trying to build themselves up for high office by granting or withholding favors.

Mr. WHITE of Ohio. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. WHITE of Ohio. On the many P. W. A. projects dealing with housing, is it not true that the President has had this same authority of check?

Mr. GIFFORD. Yes; and ugly rumors persist about those people on whom he depends and on whose advice he acts, as to whether largesses be granted or withheld.

Mr. WHITE of Ohio. Furthermore, is it not true that under these projects the cost of what are supposed to be low-cost housing projects has run as high as $20,000 per dwelling unit, in face of that kind of a check? So it is not any kind of a check at all.

Mr. GIFFORD. As far as the gentleman's remarks go, there are many smelly things happening lately without any shame exhibited on the faces of those who are responsible. We cannot investigate because our Rules Committee will not let us investigate. So book sales to corporations roll merrily on and anything goes with this administration, no matter how unsavory. I think by voting this amendment you would relieve your President of a great burden and also relieve some of us from the punishment we might receive in some of our congressional districts by withholding what might be our due and share of funds allocated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. GIFFORD].

The question was taken; and on a division (demanded by Mr. GIFFORD) there were—ayes 27, noes 76.

So the amendment was rejected.

Mr. RAMSPECK. Mr. Chairman, I move to strike out the last two words of section 6.

Mr. Chairman, the last two words which I have moved to strike out as a pro-forma amendment are "the President." On three separate occasions the President of the United States, who is the titular leader of the Democratic Party, has sent messages to this Congress, urging the Democratic majority in two instances to not put agencies created by it outside of the civil service, and in the other instance urging the Congress to give him authority not only to bring in those who were outside the civil service, but to reorganize the civil service itself. Yet this afternoon we have the spectacle of the chairman of a great committee on our own side of the House, who claims to be a follower of that distinguished President whom we all love and admire, shutting off the chairman of the House Civil Service Committee and permitting the Republicans in this body to make political capital out of the fact that his committee brought in a bill here exempting all these employees from civil service. [Applause.] He denies to the chairman of the Civil Service Committee of this House the right to take the floor and present to our membership on this side of the aisle statements which the President has sent here and requests he has made of the Democratic majority, and the right to have considered properly a substitute amendment for the amendment offered by the gentleman from Michigan, which would have left to the President of the United States the right to say whether employees under this agency should be under the civil service or not.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I yield.

Mr. ANDREWS. Unfortunately, the RECORD will not show it, but it is a statement of fact that not over 10 Democrats voted for the amendment which the gentleman from Georgia offered this afternoon.

Mr. RAMSPECK. I am sorry if that may be true.

Mr. WHITE of Ohio. Mr. Chairman, will the gentleman yield?

Mr. RAMSPECK. I do not yield further at this time, Mr. Chairman.

I have no quarrel with any Member of this House who does not agree with me about civil service, but I do quarrel with any man who takes what I consider to be unfair advantage of a member of his own party, the chairman of a committee, representing the subject matter under consideration, and puts his own party in the hole, and denies to his own President the right to have considered properly on this floor the requests he has made regarding civil service. [Applause.] I resent that.

Mr. FISH. Mr. Chairman, I rise in opposition to the pro-forma amendment and I do not propose to strike out the President on the question of civil-service requirements. I wish to make some comments, however, about the tactics of the chairman of the Committee on Banking and Currency in cutting off debate on the civil-service section and his statement. I have the highest regard for him. If I did not I would denounce him vigorously for his tactics here this afternoon. I think he was carried away by his enthusiasm for the patronage he saw just around the corner. He got up and told the Members of the House an entirely different version of the meaning of the text of the bill. Striking out the civil-service requirements opens the bill wide for a paradise of spoilsmen and for a huge patronage grab of offices without the merit system at all.

He told you an entirely different story and then cut off debate. You Members on that side followed him, you did exactly what Members on our side would have done, followed your chairman, but you followed him up a blind alley

and he gave you misinformation. You followed him up a blind alley against your own President who has come out in the public press demanding that the civil-service system be maintained in these bills. Here you are giving lip service to the President but actually you are knifing him in the back. Is there a conspiracy here of silence, or is there a conspiracy between the Democratic majority in the House to do one thing and have the President say the other? Is the President only shadow boxing with the merit system and giving lip service to it?

Mr. HARLAN. Mr. Chairman, will the gentleman yield?

Mr. FISH. No; I cannot yield in these few minutes.

As a matter of fact you are absolutely denying your own party platform which is most explicit about the merit system and which I have put into the RECORD before and therefore will not read now. But it is here in black and white, and I ask unanimous consent to insert it again in the RECORD so that you can once again have an opportunity to read your own party platform, but I know perfectly well you will not live up to it anyhow.

THE MERIT SYSTEM IN GOVERNMENT

For the protection of Government itself and promotion of its efficiency we pledge the immediate extension of the merit system through the classified civil service which was first established and fostered under Democratic auspices to all nonpolicy-making positions in the Federal service. We shall subject to the civil-service law all continuing positions which, because of the emergency, have been exempt from its operations—Democratic platform of 1936.

There is no excuse whatever and there is no reason for your flaunting your President and party platform. You are simply slipping this thing through hoping to get away with it without anybody saying a word about its being contrary to the Democratic platform or about its being a betrayal of the expressed wish of the President. It will not be surprising if you lose some votes on our side for this bill. I propose to vote for it anyhow. I am committed to it, but I shall not blame any Republican for voting against this bill as long as you use tactics of that kind, cutting off debate and preventing consideration of an amendment which would restore the merit system.

Either you stand with your President and by your party platform or you are against your President and your platform. Evidently you are against them. I hope you are satisfied to make this a spoilsman's bill and defeat the nonpartisan purposes of the bill providing for slum clearance and low-cost housing. [Applause.]

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. COCHRAN. I may say to the gentleman from New York that if he and the Members of the House will support the bill that the Reorganization Committee reported today, regardless of what is carried in the pending bill the President will have the power to put this agency under Civil Service.

Mr. FISH. I do not know anything about that. I know that this bill without the merit system will become a political racket and a political football to be kicked around by Democratic spoilsmen and job hunters. [Applause.]

[Here the gavel fell.]

Mr. NICHOLS. Mr. Chairman, I move to strike out the last three words.

Mr. Chairman, I do not intend to enter into this controversy between the chairman of the Committee on Banking and Currency and the chairman of the Committee on the Civil Service, but I happen to be one of those Members on this side of the aisle who thinks that the civil service is no longer a merit system. [Applause.] I resent the statement coming from our brothers on the other side of the aisle that in entertaining that view and expressing it I am knifing the President in the back. No one can say, surely, that there has been any stealth or any sneaking tactics by me in voicing my opposition to civil service, and I reserve the right at all times, as I hope every Democrat in this House reserves the right, to differ with the President on any proposition when I think that my proposition is as sound as his.

I hope that the Democrats in this House will continue to insist that agencies shall be no longer put under civil service until the civil-service provisions are rewritten, until the Civil Service Commission is reorganized, until the civil service is made to be a merit system as it was intended to be, instead of a system that in my judgment throws the cloak of protection around inefficiency.

So that, while my Republican friends have great fun calling it the spoils system, I am one of those who believes that, call it what you will, if you put a man on his own merit, and you make him hold his job based upon what he does and not let him hold the job simply because he has been given a lifetime position under the protection of the civil service, you will have better departments in the whole Government. [Applause.]

Mr. FULLER. Mr. Chairman, I am not taking sides as between these two gentlemen, because both are my good friends, but, as far as the present provisions of the bill are concerned, I am strong for them.

The charge has been made by the other side that this is a question of spoils. It is not a question of spoils. The Republicans over on that side are getting as much "spoils" out of these agencies as we do, and they have but 89 Members on the floor of the House.

Mr. Chairman, we went along for quite awhile recognizing this merit system in which actually there was not any merit. We are still for civil service in the permanent and main departments. We found in one department of the Government that through inefficiency 45 Republicans whose names nobody could pronounce were let out, but every one of them were reemployed in the social security division of the Government because they had a civil-service status.

None of you Democratic Members on the floor of the House have received any recognition either because of your own influence or because of the influence of your constituents in that department. It is the most inefficient, the worst hated, and detested of any governmental department, and we cannot understand why the President does not realize these facts. We passed another law with reference to the Railroad Retirement Board, which was also placed under the civil service. What happened? They had an examination and a lot of college boys passed the examination. Then they had to hire railroad employees who had previously been working for the Board to stay there 6 months in order to teach these new college boys how to run the department. The deficiency appropriation bill carried an item of $300,000 for teaching these civil-service employees how to run that department.

Mr. Chairman, this department should not be under the civil service at any time. We want men who are experienced in this particular line of business. We do not want a criminal lawyer to be a lawyer in the department. We want an architect who has had some experience. We want men who know the ways of the business world, men who can save money for the Government, instead of going out and getting a boy who has just graduated from school and can pass an examination better than the old timers. There are mighty few lawyers in this House today who could pass the bar examination in Washington, D. C., if they were to have a test. Yet we have had experience. We know the law and business methods but have forgotten definitions.

Mr. Chairman, this department should not require very many people. Of course, there will be some stenographers and there will be some clerks, but for the positions of experts and for the legal division there should be only those appointed who have had experience in the game. There is as much difference between the building game and other departments as there is between a criminal lawyer and a lawyer who has never tried a criminal case.

Mr. O'MALLEY. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. I do not know whether the gentleman has ever taken a civil-service examination, but if he will

get some of the examination papers and see the silly questions they include in the examination for custodians and janitors, he will realize what a ridiculous thing it is.

Mr. FULLER. Why, may I say to the gentleman, we now have these hifalutin babies who have included psychological questions in the examination given our rural-route men and in the examination given our postmasters. The questions are filled up with a lot of psychological brain-trust ideas and the ordinary people of our community cannot pass the examination, and nine times out of ten there is a Republican or two on top of the eligible list, the papers having been graded by Republican civil-service employees of the Hoover regime. [Applause.]

Oh, you gentlemen over there on the Republican side make much ado about civil service. You want some more jobs. But let me tell you, you have all we are going to give you. We have made up our mind you are not going to have any more because you have taken all the spoils. [Applause.]

You have received more political positions in the last few years than Democrats received under Republican administrations in the last 75 years. In the Alcoholic Unit of the Treasury Department there is not a Democrat holding a key position. [Applause.]

This so-called merit system is owned, controlled, and dominated by Republicans—no wonder you holler for the merit system. They play the game and give us no chance in the world and cut our throats every time they get an opportunity. [Applause.]

Mr. WOLCOTT. Mr. Chairman, I realize the obligation that the chairman of the Democratic patronage committee has so far as the members of the majority and the patronage he can get are concerned; so I do not blame him as an individual; neither do I blame the gentleman from Oklahoma as an individual for reciting what they believe should be the views of the Democratic Party.

The provision by which we eliminate the Civil Service and Classification Acts has to do not only with the attorneys and experts, but it specifically says "employees." I stated earlier this afternoon it was contemplated putting hundreds and possibly thousands of employees to work. If you study this bill carefully you can see I have not overestimated it, because we expect these agencies to be set up in every large community in the United States. After all, the point I want to make is that I know now how to answer a certain gentleman of Democratic extraction in one of my little towns up north of Port Huron. I speak up there occasionally and I say to the audience, "Events in Washington convince me that the Democratic Party is not in favor of civil service."

This individual, an ardent Democrat and a very much respected and honored citizen of the community, pulls out of his pocket a little brown covered book, which it was my pleasure to give him. In that book is contained the platforms adopted by the two conventions of 1936. He takes particular delight in heckling me and reading from the Democratic platform these words, and he sits me right back on my haunches, because what he reads he believes and what the people of the United States read and heard last November from you gentlemen they believed.

The Democratic platform provided in part as follows.

> The merit system in government.
>
> For the protection of government itself and promotion of its efficiency, we pledge the immediate extension of the merit system through the classified civil service—which was first established and fostered under Democratic auspices—to all nonpolicy making positions in the Federal service. We shall subject to the civil service laws all continuing positions which because of the emergency have been exempt from its operation.

Apparently a majority of the good, law-abiding, God-fearing, Bible-reading citizens of the United States believed you when you said you believed in the civil service, and this is what prompted me to say that when you go home tonight, put that little book alongside your Bible and reconcile its words with the words of Christ himself, when he admonished you not to lie, especially to your neighbor.

Mr. LUCE. Mr. Chairman, this debate brings back to me vividly an afternoon, I think it was 4 years ago, when about this time of day I took the floor as a member of the Committee on Banking and Currency in behalf of the amendment proposed by Senator NORRIS, of Nebraska, which had passed the Senate by a margin of one vote. This amendment was designed to keep politics and partisanship out of one of the trio of housing bills in the preparation of which I had an active share. The committee voted to strike from the pending bill a provision keeping politics out of the home loan bank system. An interesting debate took place on the floor, and gentlemen just as sincere in their hostility to civil-service reform as some who have spoken today then addressed the House. The Speaker of the House at that time was against the merit system. The Democratic House voted overwhelmingly against it.

The House paid no attention to the fact that the President of the United States had addressed a letter to the chairman of the Committee on Banking and Currency asking that the Norris amendment be placed in the bill. The President had committed himself in writing, asking the very committee which is now engaged on this subject to support the Norris amendment and so keep politics out of the housing bill.

What had preceded and what followed? There had been appointed, as chairman of the board in question, a man we knew well, a fellow Member whom we respected and admired, and I say no word in derogation of him. But he thought, just as the speakers on the Democratic side this afternoon have thought, that it was more important to pay attention to a man's politics than to his capacity. What resulted from that system? The newspapermen declared that the board had become the spoilsmen's paradise. It was so crowded with inefficient and incapable men that the President himself had to demote the chairman and replace him with a man who paid some attention to the desirability of efficiency in the public service.

With that behind you, go ahead, if you please, and once more thwart your President; once more deny your platform. But you will one day have occasion to remember that the speeches you have made this afternoon have been of great value to us on our side. I pray that my chairman, in consideration of the welfare of the Democratic Party, may at once ask that all debate be closed, in order that no more ammunition may be given to those of us who believe in the gospel of the President of the United States. So I ask that the chairman do this, else his colleagues will have occasion some day to remember that "whom the gods would destroy they first make mad."

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The Clerk read as follows:

> SEC. 7. In January of each year the Authority shall make an annual report to Congress of its operations and expenses, including loans, contributions, and grants made or contracted for, low-rent-housing and slum-clearance projects undertaken, and the assets and liabilities of the Authority. Such report shall include operating statements of all projects under the jurisdiction of or receiving the assistance of the Authority, including summaries of the incomes of occupants, sizes of families, rentals, and other related information.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I move to strike out the enacting clause.

The CHAIRMAN. The gentlewoman from Massachusetts offers a motion which the clerk will report.

The Clerk read as follows:

> Mrs. ROGERS of Massachusetts moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mrs. ROGERS of Massachusetts. Mr. Chairman, I am going to leave out any political references whatsoever. We are not always consistent on our side. I know we have many what may seem faults to you. I am just going to make a plea for the workers who are now under the civil service, the workers who have given their lives to the service of their Government, the workers who went into the Government service believing that they were taking up a life work. I assure you, Mr. Chairman, many of those workers are living in dread

today of dismissals. Mr. Chairman, I am making a plea for the workers who were under civil service, but who have lost their positions in the Federal employ. I am making a plea that they may be taken back under civil service. I am also making a plea for the Civil Service Commission.

Mr. Chairman, I think no one upon the floor, unless it be the very great chairman of our Committee on the Civil Service, the gentleman from Georgia [Mr. RAMSPECK], has defended the work by the civil service. He has fought day and night for the merit system, and for the workers in the Government service. He deserves their undying gratitude, because he has worked under a tremendous handicap I know, because I have seen it. There is not a Government worker in the United States who ought not to thank him.

Mr. Chairman, in the last year the Civil Service Commission has been given a tremendous task to perform. With a very small amount of money they have done more than I had supposed was possible. They are courteous, and they do the best they can under the circumstances. Imagine, Mr. Chairman, how difficult it is for the Commission to operate when another governmental department tries to force the Civil Service Commission to qualify people unfit for positions. This is what the Civil Service has had to face day after day and day after day, from more than one governmental agency.

Mr. O'MALLEY. Mr. Chairman, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. It seems to me the action we have taken today and have taken at other times in the past would do a lot to relieve the Civil Service Commission of their duties.

Mrs. ROGERS of Massachusetts. I think, if the gentleman will allow me to say so, that if we would give the Civil Service Commission an adequate amount of money and give it a chance to operate with that money, we would see a wonderfully fine service. I am making a plea for the men and women under civil service in your own districts, and there are hundreds of such employees all over the country. I know what they think, because they write to me.

Mr. O'MALLEY. Mr. Chairman, will the gentlewoman yield further?

Mrs. ROGERS of Massachusetts. I am sorry; I have only 5 minutes.

Mr. O'MALLEY. I know the lady is a sincere friend of civil-service employees and of the Civil Service Commission, and she ought to do something to stop the arrogance of that Commission that even refuses Members of Congress the information they ask for.

Mrs. ROGERS of Massachusetts. I have not found the Civil Service Commission arrogant. I have found them very willing to give any information they can; but does the gentleman realize the small personnel they have and the great amount of work it has to perform in these unusual times? For instance, it has taken the Commission 1 year to hold examinations for informational service employees of the Social Security. It took them 1 year to hold the examination and to rate those men because their work was so heavy and such an enormous number of people took these examinations.

The Civil Service Commission employees are working overtime day after day.

I wonder how the Members of Congress would like it if they were put out or furloughed without pay, as has happened in the past years to the civil-service employees.

Again, Mr. Chairman, in closing, I make my plea for the workers now in the Government under the civil service. [Applause.]

The CHAIRMAN. The question is on the motion offered by the gentlewoman from Massachusetts.

The motion was rejected.

The Clerk read as follows:

SEC. 8. The Authority may from time to time make, amend, and rescind such rules and regulations as may be necessary to carry out the provisions of this act.

LOANS FOR LOW-RENT HOUSING AND SLUM-CLEARANCE PROJECTS

SEC. 9. The Authority may make loans to public housing agencies to assist the development, acquisition, or administration of low-rent housing or slum-clearance projects by such agencies. Where capital grants are made pursuant to section 11 the total amount of such loans outstanding on any one project and in which the Authority participates shall not exceed the development or acquisition cost of such project less all such capital grants, but in no event shall said loans exceed 85 percent of such cost. In the case of annual contributions in assistance of low rentals as provided in section 10 the total of such loans outstanding on any one project and in which the Authority participates shall not exceed 85 percent of the development or acquisition cost of such project. Such loans shall be secured by a first and a paramount lien against such projects and the revenues derived therefrom, shall bear interest at such rate not less than the going Federal rate at the time the loan is made, plus one-half of 1 percent, and shall be repaid within such period not exceeding 60 years, as may be deemed advisable by the Authority.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of North Carolina: On page 44, line 7, after the period, insert:

"The State or political subdivision in which the project receiving an annual contribution or grant is located shall contribute to the acquisition cost and development of such project not less than 15 percent of such cost in the form of land or cash or both."

Mr. HANCOCK of North Carolina. Mr. Chairman, this amendment is intended to clarify the limitation with respect to the loan as set out in section 9.

The evidence before our committee was to the effect that the cost of upkeep of slums is exorbitant. We had a number of instances related to us, one particularly in a Cleveland slum area, showing that the cost of the health service, police service, and other necessary community services to these slum areas is nearly always two, three, or four times the amount of taxes which the community receives. I therefore feel that every local community which is able to participate in this program should be willing, as a matter of fairness and sound public policy, to contribute a reasonable amount toward the cost of acquisition and development. Surely they should be made to furnish the site cleared and ready for building.

Under the language of section 9, which provides that in no event shall loans exceed 85 percent of such costs, there is an ambiguity. Let me explain. If a local housing agency comes to Washington and applies to the United States housing authority for financial assistance and it is shown and demonstrated that the particular community to be served is better suited to receive a capital grant than to proceed along the annual contribution plan, they can receive a 25 percent cash capital grant. In addition to this, the President may allot from relief funds an additional 15 percent to be used for labor. It is quite apparent to anyone who reads the section carefully that any community or any local housing agency that receives a 25 percent grant no longer need more than a 75 percent loan. Therefore, the 85 percent maximum is inoperative unless the grant was less than 15 percent. To think of being that low is absurd.

In addition, this provision is the heart and the main safeguard of this bill. If you require communities to come in and put up either in cash or in land or both 15 percent of the capital cost you thereby insure 100 percent local cooperation in the way of supervision, maintenance, and other proper community services. Under the provision in the bill without this amendment if a local housing agency proceeds to the capital grant route and gets a 25 percent grant, then they can come in and borrow 100 percent of the balance of the cost up to 75 percent. The only way that the provision, as it is now written, would be effective as I just stated, would be for a community to apply and receive less than 15 percent. For instance, if they received only a 10 percent grant they would have to put up 5 percent, but if they received a 15 percent grant, they could receive the entire balance in the way of a loan.

This is absolutely essential if your low-cost housing and slum-clearance program is to be a success. Nothing else can insure it.

Mr. PHILLIPS. Mr. Chairman, I rise in opposition to the amendment, and I shall try to take less than 5 minutes.

From experience with a municipal housing project, may I say, therefore—not talking from a blueprint but talking from

experience—I am absolutely opposed to making municipalities put up one cent in contribution, thus sharing the cost of a local housing project. Therefore I am against this amendment. Municipalities do not have to put up money to show good faith. If one of them sets up its own housing authority and gets facts and figures to convince the national housing group that a housing project should be built in that municipality, they are showing good faith there without having to put up more funds to demonstrate good faith. Realize this: The municipalities of this country have been hard hit financially. They have had to contribute a lot of money in supplementary relief on top of what the United States Government has given them. Give the municipalities a chance to have local housing projects without putting up a cent, much less what the gentleman says. I am against the amendment and hope it is defeated.

Mr. McGRANERY. Mr. Chairman, I move to strike out the last word. Again my distinguished friend on the committee [Mr. HANCOCK] has said that we have reached the heart of this bill. This is its second heart. To enact this amendment would be again to destroy the bill. We have sat on that committee and, as the gentleman from Connecticut [Mr. PHILLIPS] has said, met with many suggestions that there should be no contribution made, but after considering the matter carefully the committee finally wrote into this bill a contribution of 15 percent. The mayor of the city of New York, representing the mayors of all of the cities of the United States, said that if they were to be required to make a contribution, he would not be representing the cities, because there again he could make appeal to private capital; but this is not a private housing program; this is a public housing program; and if you write this amendment into the bill, you can again tear up the bill.

The requirement in the present bill is a burden greater than the cities can carry, and the amendment proposed by Mr. HANCOCK would clearly make it absolutely impossible for any city to carry out a slum-clearance program. There is nowhere in the minutes taken before our committee a single statement that points to the possibility of the ability of any city to meet the requirements of this amendment; and I urge the membership of this House to vote it down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina.

The question was taken; and on a division (demanded by Mr. HANCOCK of North Carolina) there were—ayes 51, noes 82.

So the amendment was rejected.

Mr. VOORHIS. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. VOORHIS: Page 44, lines 1 and 2, after the words "such capital grants", strike out "but in no event shall such loans exceed 85 percent of such cost", and on page 44, line 6, after the word "exceed", strike out "85 percent of."

Mr. VOORHIS. Mr. Chairman, first, may I say that I believe that we are doing in the House this afternoon a truly great thing. I want to thank the committee which reported this bill, and say that, although all of us know it is not perfect and that a lot of experience will be required in this great undertaking, yet, after all, America is today embarking on the great task of doing away with slums. A long struggle must ensue, as we all know; the slums will not be easily done away with. My amendment is one in which I think those who sincerely desire low-rent housing can all agree. Certainly those who voted against the amendment just voted down, of the gentleman from North Carolina [Mr. HANCOCK], should agree with this amendment. It restores the provision in the Senate bill which permits loans by the housing authority up to 100 percent of the acquisition or development cost of the project. The amendment has to do only with loans. It has nothing to do with grants or subsidies or annual contributions. I am in favor of local contributions. I believe they should be made. I have no quarrel with the requirement that local communities be required to furnish annual grants or subsidies equal to 25 percent of the annual subsidies furnished to the local public-housing agencies by the United States Housing Authority. But I do not believe you can expect a locality to make a 15 percent capital grant, 15 percent of the original cost of construction of the project. I know that is not what the bill says; but, in view of the fact that the loan from the United States Housing Authority is limited to 85 percent, and that a first lien must be given on the project in order to secure that loan, I do not believe that it would be possible for the State, county, or municipality to be able to borrow money on a second lien on such property.

Therefore, the only practical possibility would be a capital grant from the locality. I do not believe that very many localities can contribute 15 percent of the construction cost of projects. Certainly the poorer cities cannot do it, the very cities which have been in the minds of many Members this afternoon, the cities about which they have been wondering whether they would get any good out of this bill. They are the ones that will be affected if you limit these loans to 85 percent and fail to adopt this amendment. Security for these loans is ample. The very first charge against annual subsidies is to be payment of amortization cost on these loans. They are secured further by having a first lien on the value of the property. It seems to me, therefore, that while we stand to the principle of requiring local contributions on the annual basis, we should not require, as in effect the provision of 85-percent limitation seems to do, a 15-percent capital grant of the original cost of the project by the localities.

Mr. GIFFORD. Mr. Chairman, will the gentleman yield?

Mr. VOORHIS. Yes; I yield.

Mr. GIFFORD. Does the gentleman think we have got a lien? We pay all the costs of condemnation, all the expenses of acquiring, tearing down one set of buildings and that sort of thing before we even start on the new project.

Mr. VOORHIS. I do not understand the bill that way. I understand that this loan is to be limited to the development or acquisition costs of the project. These loans are, after all, guaranteed by the Government itself, as many Members have pointed out, since the annual subsidies granted by the Authority are to be used to repay the loans.

Mr. GIFFORD. Acquisition means condemnation and it means the demolition of the old buildings and all those things, which will amount to perhaps 125 or 140 percent. That is much more than 100 percent. The gentleman would like for us to put it all up. Is that right?

Mr. VOORHIS. I am anxious to have this housing plan go. I am anxious to have it do good. I am anxious for it to be liberal enough so that the cities who need help can get it for their people. I think all America has an interest in getting our people out of slums—especially the children. And I think our bill here should be framed not so as to present stumbling blocks to the work, but so as to insure its going forward promptly.

Mr. GIFFORD. It does not matter about the Treasury?

Mr. VOORHIS. Of course, it does; but, as I have pointed out, the loans are perfectly well secured. My amendment does not affect grants or subsidies. It merely restores the loan provisions in the Senate bill. There are many people who have advocated it, among them some of our ablest authorities on housing.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. WILLIAMS. Mr. Chairman, I rise in opposition to the amendment. This is the very proposition about which I spoke a while ago. We have a proposition here now as to whether or not the Authority established by the United States Government shall make the entire loan or whether we shall have some responsibility placed on the local authorities. There are many people, a number of them on the committee and a great many people who appeared before our committee, who were in favor of making this contribution by the local authorities more than 15 percent. It is just a question now of whether we are going to have the Government put up 100 percent or whether we are going to require the municipalities to make at least an initial contribution of 15 percent. By doing so we will place the responsibility on the local authorities. To say that the great cities of this country cannot contribute 15 percent is to my mind ridicu-

lous. I have more faith and confidence in the credit and ability of the cities of this Nation than to say they cannot contribute 15 percent. If they are not willing to contribute that much to do away with their slum areas and thereby save millions of dollars in court costs, in criminal and delinquent cases and in crime and in health, then they are not entitled to have the Government come in and pay the entire amount. By making this contribution it will be a saving to them from a financial and economic standpoint.

By all means, I ask that this amendment be voted down.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

The question is on the amendment offered by the gentleman from California [Mr. VOORHIS].

The amendment was rejected.

Mr. DEMUTH. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. DEMUTH: Page 44, line 13, after the period, insert a new section, as follows:

"SEC. 10. (a) The United States Housing Authority shall make loans to construct individual detached dwellings—the loan to be secured by a mortgage against said lot and dwelling and other appurtenance thereto.

"(b) The interest on said mortgage shall be 3 percent per annum and also shall be amortized annually by an amount equal to 1 percent of the original mortgage.

"(c) The United States Housing Authority may loan 80 percent of the appraised value of the real property.

"(d) The United States Housing Authority may advance, if necessary, 80 percent of the acquisition cost of a lot; 70 percent of the value of the building may be paid promptly or semimonthly estimates of labor performed and material erected.

"(e) The United States Housing Authority shall make a character loan up to $300 to enable the applicant to purchase a lot to initiate this program. This loan shall be paid on the basis of $5 monthly plus 4 percent interest.

"(f) No person shall be eligible who is not a citizen of the United States.

"(g) The value of a lot shall not exceed $1,100 nor $35 per foot, including paving, and the value of no dwelling constructed under the terms of this act shall exceed $5,000.

"(h) The annual income of the applicant shall be at least four times the annual charge. By annual charge is meant a sum of all annual interest, fire insurance, and taxes on the lot."

Mr. WILLIAMS. Mr. Chairman, I make a point of order against the amendment—that it is not germane to the bill or any section in the bill. This is a public housing bill, and the amendment proposes to loan money to a private individual to build a home.

The CHAIRMAN. Does the gentleman from Pennsylvania desire to be heard on the point of order?

Mr. DEMUTH. Yes, Mr. Chairman, I do.

Mr. Chairman, I offered this amendment to make a better rounded housing program. This amendment will develop more contented and better citizenry by making home ownership possible for many of those now ill-housed. It will provide more work and more income for labor per dollar expended than is provided under the main part of this bill. It will benefit a much larger number of those now ill-housed.

Mr. WILLIAMS. Mr. Chairman, the regular order.

The CHAIRMAN. Does the gentleman from Pennsylvania desire to be heard on the point of order, not on the merits of the amendment, but on the point of order, as to whether or not the amendment is germane to the bill?

Mr. DEMUTH. Mr. Chairman, in regard to the point of order, in that this is a public housing bill and my amendment is aimed only to help the public secure better housing facilities, I contend that my amendment is germane to the purpose and intent of the bill.

The CHAIRMAN (Mr. COOPER). The Chair is ready to rule.

The gentleman from Pennsylvania offers an amendment to the pending bill to which the gentleman from Missouri makes a point of order. The pending bill provides financial assistance to States and political subdivisions thereof. The amendment offered by the gentleman from Pennsylvania seeks considerably to change the purpose and scope of the bill in that it would make loans directly to individuals and provides for character loans and various other matters which, in the opinion of the Chair, are not germane to the bill.

The point of order is sustained.

Mr. ELLENBOGEN. Mr. Chairman, I ask unanimous consent that my colleague from Pennsylvania may extend his remarks on the amendment he offered.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MAY. Mr. Chairman, I ask unanimous consent that the further reading of the bill may be dispensed with.

Mr. RAMSPECK. Mr. Chairman, I object.

Mr. STEAGALL. Mr. Chairman, I move that the further reading of the bill be dispensed with, that amendments may be offered to any part of the bill considered as read.

Mr. RAMSPECK. Mr. Chairman, that motion is not in order.

Mr. WOLCOTT. Mr. Chairman, I make a point of order against the motion.

The CHAIRMAN. The Chair is of the opinion that that could be done only by unanimous consent and sustains the point of order.

Mr. STEAGALL. Mr. Chairman, I withdraw the motion.

The Clerk read as follows:

ANNUAL CONTRIBUTIONS IN ASSISTANCE OF LOW RENTALS

SEC. 10. (a) The Authority may make annual contributions to public housing agencies to assist in achieving and maintaining the low-rent character of their housing projects. The annual contributions for any such project shall be fixed in uniform amounts, and shall be paid in such amounts over a fixed period of years. No part of such annual contributions by the Authority shall be made available for any project unless and until the State, city, county, or other political subdivision in which such project is situated shall contribute at least 25 percent of the annual contributions herein provided in the form of cash or tax remissions, general or special, or tax exemptions. The Authority shall embody the provisions for such annual contributions in a contract guaranteeing their payment over such fixed period: *Provided*, That no annual contributions shall be made, and the Authority shall enter into no contract guaranteeing any annual contribution in connection with the development of any low-rent housing project involving the construction of new dwellings, unless arrangements satisfactory to the Authority are made for the elimination by demolition, condemnation, and effective closing, or the compulsory repair or improvement of unsafe and insanitary dwellings situated in the locality or metropolitan area, substantially equal in number to the number of newly constructed dwellings provided by the project.

(b) Annual contributions shall be strictly limited to the amounts and periods necessary, in the determination of the Authority, to assure the low-rent character of the housing projects involved. Toward this end the Authority may prescribe regulations fixing the maximum contributions available under different circumstances, giving consideration to cost, location, size, rent-paying ability of prospective tenants, or other factors bearing upon the amounts and periods of assistance needed to achieve and maintain low rentals. Such regulations may provide for rates of contribution based upon development, acquisition, or administration cost, number of dwelling units, number of persons housed, or other appropriate factors: *Provided*, That the fixed contribution payable annually under any contract shall in no case exceed a sum equal to the annual yield at the going Federal rate of interest (at the time such contract is made) plus 1 percent upon the development or acquisition cost of the low-rent housing project involved: *And provided further*, That all such annual contributions shall be used first to apply toward any payment of interest or principal on any loan due to the Authority from the public housing agency.

(c) In case any contract for annual contributions is made for a period exceeding 20 years, the Authority shall reserve the right to reexamine the status of the low-rent housing project involved at the end of 10 years and every 5 years thereafter; and, at the time of any such reexamination, the Authority may make such modification (subject to all the provisions of this section) in the fixed and uniform amounts of subsequent annual contributions payable under such contract as is warranted by changed conditions and as is consistent with maintaining the low-rent character of the housing project involved. In no case shall any contract for annual contributions be made for a period exceeding 60 years.

(d) All payments of annual contributions pursuant to this section shall be made out of any funds available to the Authority when such payments are due, except that its capital and its funds obtained through the issuance of obligations pursuant to section 20 (including repayments or other realizations of the principal of loans made out of such capital and funds) shall not be available for the payment of such annual contributions.

(e) The Authority is authorized, on or after the date of the enactment of this act, to enter into contracts which provide for annual contributions aggregating not more than $5,000,000 per annum, on or after July 1, 1938, to enter into additional such contracts which provide for annual contributions aggregating not more than $7,500,000 per annum, and on or after July 1, 1939, to enter into additional such contracts which provide for annual contributions aggregating not more than $7,500,000 per annum.

Without further authorization from Congress, no new contracts for annual contributions beyond those herein authorized shall be entered into by the Authority. The faith of the United States is solemnly pledged to the payment of all annual contributions contracted for pursuant to this section, and there is hereby authorized to be appropriated in each fiscal year, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments.

Mr. SPENCE (interrupting the reading). Mr. Chairman, I ask unanimous consent that further reading of section 10 be dispensed with.

Mr. RAMSPECK. Mr. Chairman, I object.

The Clerk concluded reading the section.

Mr. SPENCE. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SPENCE: Page 45, line 15, before the period, insert a comma and the following: "except that such elimination may in the discretion of the Authority be deferred in any locality or metropolitan area where the shortage of decent, safe, or sanitary housing available to low-income families is so acute as to force dangerous overcrowding of such families."

Mr. SPENCE. Mr. Chairman, the bill provides that for every new unit erected an existing unit shall be destroyed. This is a committee amendment and merely provides that the elimination may, in the discretion of the Authority, be deferred in any locality where there is such an acute shortage of decent, safe, and sanitary housing as to force dangerous overcrowding.

The bill as originally drafted would result in some instances in puting into the new unit as many people as were in the old unit. The great evils of the slums come from overcrowding. The sordid and degraded conditions are due to the fact that great numbers of people in these congested areas have to live together in one room. The same conditions may recur in the new units; they may become as crowded and the conditions as insanitary as those in the slums.

We offer this amendment in the belief that it will remedy that condition and make more effective the provisions of the bill.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. STEAGALL. The gentleman should say this is a committee amendment which we hope will be adopted.

Mr. SPENCE. Yes; I did say that. This is a committee amendment.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. DONDERO. This will relieve a situation where there is overcrowding now but where there are no buildings to be torn down. Is that correct?

Mr. SPENCE. Yes; where the conditions would still remain if people were merely to be transferred from an old building to a new building.

Mr. DONDERO. I have a tent city in my district but no building to be torn down if a new building is built. This amendment is designed to reach that situation.

Mr. SPENCE. It will reach that situation; yes.

[Here the gavel fell.]

Mr. WOLCOTT. Mr. Chairman, I rise in opposition to the amendment.

It was our purpose as I understood it to make that applicable to slum clearance. I called the Committee's attention to the fact that this proviso has to do only with low-rent housing and that what the gentleman from Kentucky has said applies to this particular section. This is primarily a slum-clearance bill. The reason for clearing the slums is to get rid of these areas which are insanitary, which breed disease, which are unsafe, and because of the fact that buildings collapse and cause loss of life. Any slum-clearance bill must, of necessity, carry with it the thought that there shall be a like number of buildings demolished for those which are erected as new projects.

I am willing to leave some of this to the discretion of the Authority, because overcrowded conditions sometimes cause slum conditions. It is with that understanding that we go along with the committee amendment. I know that no great harm can come from the adoption of it because changes will be recommended to us before the first of the year which will clarify the situation.

Mr. ELLENBOGEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this bill has been limited in so many respects that it is very questionable whether it will be useful at all. However, this is one of the amendments that restores some sanity to the bill, and I hope it will be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kentucky [Mr. SPENCE].

The amendment was agreed to.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of North Carolina: On page 45, after the word "area", in line 13 and before the comma, insert the following words: "within a period of 2 years after the development of the low-rent housing project."

Mr. HANCOCK of North Carolina. Mr. Chairman, this amendment is intended to require that within a period of 2 years after the completion of a low-rent housing project a substantial number of unsafe, insanitary dwellings of slums shall be demolished. I think it is quite apparent to all of us from the discussion here today and from the debate in the other body, as well as from utterances from the White House and statements made by the original author of this bill, Senator WAGNER, that its primary and chief objective is to get rid of these deplorable and inhuman slum areas wherever they exist. I admit that there must be some latitude and flexibility in carrying out this demolition program in order not to suddenly increase the shortage of homes. My amendment takes care of this.

If this amendment is adopted, we will have in this bill not only a low-rent housing but a slum clearance. It will be a unified program as a part of it. Under the language on page 45, if you will read it carefully, there is no mandatory provision providing for the demolition and elimination of the slum areas.

Mr. STEAGALL. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield to the gentleman from Alabama.

Mr. STEAGALL. Does the gentleman insist on the accuracy of that statement? Does not the language of the bill require of the local agency a satisfactory arrangement for the demolition or repair of slums existing at the time the project is undertaken?

Mr. HANCOCK of North Carolina. I insist on the accuracy of my statement and I also say that the statement of the chairman is absolutely correct; but even with that the only thing that is required is that the local housing agency shall make satisfactory arrangements—nothing mandatory and nobody could question "what was satisfactory to the Authority."

Mr. STEAGALL. And under the amendment they would be permitted to defer that act.

Mr. HANCOCK of North Carolina. Under the present language of the bill nobody can question whether the arrangement providing for demolition will be in 1 year, 2 years, 10 years, or 50 years. You will not question that statement, I know.

Mr. STEAGALL. But it does require it.

Mr. HANCOCK of North Carolina. It looks toward the requirement of demolition at some future date.

Mr. Chairman, under the language appearing on that page, the entire amount of $500,000,000 could be loaned before a single slum in America is cleared and the main purpose of this bill would be absolutely destroyed, its social objectives defeated, and we would still have in the congested areas of this country these crime and disease-breeding slums for which this Government will, before the program is finished, if every citizen of low income is treated equally, have spent billions of dollars. Remember again under this bill the loans will be $500,000,000; in addition the United States Government is going to subsidize every family that

qualifies for a low-rent house. It means under this bill each family over 60 years gets $10,500, or $175 per family per year. Think of this, and then have no requirement that slums be eradicated and the social menace removed.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. HANCOCK of North Carolina. I yield to the gentleman from New York.

Mr. DICKSTEIN. Why does the gentleman fix 2 years? How did he come to the conclusion that 2 years will do the job?

Mr. HANCOCK of North Carolina. I think that within 2 years the congestion in housing in the metropolitan area or locality might be solved. I certainly hope it would be partially relieved. My amendment does not provide for demolition until 2 years after the low-rent housing project has been developed, which means physical completion.

[Here the gavel fell]

Mr. REILLY. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from North Carolina [Mr. HANCOCK].

Mr. Chairman, the committee was informed that there are some slum areas where you would have to erect three times the home units in order to close a dwelling in said slums. There will be two kinds of slum projects. One project will be built in the slum area and, of course, all of these dwellings will be demolished. Other projects will be built in new areas, and in some cases you would have to construct three times as many buildings to permit you to destroy a slum building in the old slum area. The evil of the slum situation today lies in the overcrowded condition of slum dwellings; that is, four or five families living in each house.

I submit that should the gentleman from North Carolina be one of the men designated to execute the provisions of this bill, he would destroy slums just as soon as it was practically possible to do so, and no sooner. Instead of making it obligatory and imperative on the Authority to destroy slums, as provided by the amendment, the pending bill makes it permissive. The Authority will demolish or close up slum residences when the housing situation in the community permits.

Mr. Chairman, I ask that the amendment offered by the gentleman from North Carolina [Mr. HANCOCK] be rejected.

Mr. STEAGALL. Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. HANCOCK].

The amendment was rejected.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of North Carolina: Page 46, line 14, strike out "twenty" and insert in lieu thereof "ten."

The amendment was rejected.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 45, line 12, after the word "unsafe" strike out the word "and" and insert the word "or."

Mr. STEAGALL. Mr. Chairman, there is no objection to that correcting amendment.

The amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WOLCOTT: Page 45, line 8, after the word "housing", insert "or slum clearance."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that throughout section 10 wherever the words "low-cost housing projects" appear the words "or slum clearance" may be inserted between the words "housing" and "projects."

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read as follows:

CAPITAL GRANTS IN ASSISTANCE OF LOW RENTALS

SEC. 11. (a) As an alternative method of assistance to that provided in section 10, when any public housing agency so requests and demonstrates to the satisfaction of the Authority that such alternative method is better suited to the purpose of achieving and maintaining low rentals and to the other purposes of this act, capital grants may be made to such agency for such purposes. The capital grants thus made for any low-rent housing project shall be paid in connection with its development or acquisition, and shall be strictly limited to the amounts necessary, in the determination of the Authority, to assure its low-rent character: *Provided, however,* That no capital grant shall be made for the development of any low-rent housing project involving the construction of new dwellings, unless arrangements satisfactory to the Authority are made for the elimination by demolition, condemnation, and effective closing, or the compulsory repair or improvement of unsafe or insanitary dwellings situated in the locality or metropolitan area, substantially equal in number to the number of newly constructed dwelling units provided by the project.

(b) Pursuant to subsection (a) of this section, the Authority may make a capital grant for any low-rent housing project, which shall in no case exceed 25 percent of its development or acquisition cost.

(c) All payments of capital grants by the Authority pursuant to subsection (b) of this section shall be made out of any funds available to the Authority, except that its capital and its funds obtained through the issuance of obligations pursuant to section 20 (including repayments or other realizations of the principal of loans made out of such capital and funds) shall not be available for the payment of such capital grants.

(d) The Authority is authorized, on or after the date of the enactment of this act to make capital grants (pursuant to subsection (b) of this section) aggregating not more than $10,000,000, on or after July 1, 1938, to make additional capital grants aggregating not more than $10,000,000, and on or after July 1, 1939, to make additional capital grants aggregating not more than $10,000,000. Without further authorization from Congress, no capital grants beyond those herein authorized shall be made by the Authority.

(e) To supplement any capital grant made by the Authority in connection with the development of any low-rent housing project, the President may allocate to the Authority, from any funds available for the relief of unemployment, an additional capital grant to be expended for payment of labor used in such development: *Provided,* That such additional capital grant shall not exceed 15 percent of the development cost of the low-rent housing project involved.

(f) No capital grant pursuant to this section shall be made for any low-rent housing project unless the public housing agency receiving such capital grant shall also receive, from the State, political subdivision thereof, or otherwise, a contribution for such project (in the form of cash, land, or the value, capitalized at the going Federal rate of interest, of community facilities or services for which a charge is usually made or tax remissions or tax exemptions) in an amount not less than 25 percent of its development or acquisition cost.

Mr. KELLER (interrupting the reading of the section). Mr. Chairman, I ask unanimous consent that the further reading of this section may be dispensed with.

Mr. RAMSPECK. I object, Mr. Chairman.

The Clerk concluded the reading of the section.

Mr. SPENCE. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SPENCE: Page 48, line 21, before the period insert a comma and the following, "except as such elimination may, in the discretion of the Authority, be deferred in any locality or metropolitan area where the shortage of decent, safe, or sanitary housing available to low-income families is so acute as to force dangerous overcrowding of such families."

Mr. SPENCE. Mr. Chairman, this is a perfecting committee amendment, exactly the same as the amendment we adopted to the previous section. I ask that this amendment be adopted.

The CHAIRMAN. The question is on the committee amendment offered by the gentleman from Kentucky.

The committee amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I offer an amendment.

The Clerk read as folows:

Amendment offered by Mr. WOLCOTT: Page 48, line 9, after the word "housing" insert "or slum clearance."

The CHAIRMAN. The question is on the amendment of the gentleman from Michigan.

The amendment was agreed to.

Mr. WOLCOTT. Mr. Chairman, I ask unanimous consent that wherever the phrase "low-cost housing projects" appears in section 11, the words "or slum clearance" may be inserted between the words "housing" and "projects."

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SEGER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I do this to ask a question of the chairman of the committee, which may have been answered in my absence. If a low-salaried tenant is occupying a low-rental unit, and his salary is increased 50 percent or more, what happens?

Mr. STEAGALL. He goes out.

Mr. SEGER. He goes out and goes into a higher-grade tenement?

Mr. STEAGALL. The gentleman is correct. This bill is to apply to the occupants of low-grade tenements.

Mr. SEGER. Is that provided in this bill?

Mr. STEAGALL. Yes.

The Clerk read as follows:

DISPOSAL OF FEDERAL PROJECTS

SEC. 12. (a) It is hereby declared to be the purpose of Congress to provide for the orderly disposal of any low-rent housing projects hereafter transferred to or acquired by the Authority through the sale or leasing of such projects as hereinafter provided; and, in order to continue the relief of Nation-wide unemployment and in order to avoid waste pending such sale or lease, to provide for the completion and temporary administration of such projects by the Authority.

(b) As soon as practicable the Authority shall sell its Federal projects or divest itself of their management through leases.

(c) The Authority may sell a Federal project only to a public housing agency. Any such sale shall be for a consideration, in whatever form may be satisfactory to the Authority, equal at least to the amount which the Authority determines to be the fair value of the project for housing purposes of a low-rent character (making such adjustment as the Authority deems advisable for any annual contributions which may hereafter be given hereunder in aid of the project), less such allowance for depreciation as the Authority shall fix. Such project shall then become eligible for loans pursuant to section 9, and either annual contributions pursuant to section 10 or a capital grant pursuant to section 11. Any obligation of the purchaser accepted by the Authority as part of the consideration for the sale of such project shall be deemed a loan pursuant to section 9.

(d) The Authority may lease any Federal low-rent housing project, in whole or in part, to a public housing agency. The lessee of any project, pursuant to this paragraph, shall assume and pay all management, operation, and maintenance costs, together with payments, if any, in lieu of taxes, and shall pay to the Authority such annual sums as the Authority shall determine are consistent with maintaining the low-rent character of such project. The provisions of section 321 of the act of June 30, 1932 (U. S. C., 1934 edition, title 40, sec. 303b), shall not apply to any lease pursuant to this act.

(e) In the administration of any Federal low-rent housing project pending sale or lease, the Authority shall fix the rentals at the amounts necessary to pay all management, operation, and maintenance costs, together with payments, if any, in lieu of taxes, plus such additional amounts as the Authority shall determine are consistent with maintaining the low-rent character of such project.

GENERAL POWERS OF THE AUTHORITY

SEC. 13. (a) The Authority may foreclose on any property or commence any action to protect or enforce any right conferred upon it by any law, contract, or other agreement. The Authority may bid for and purchase at any foreclosure by any party or at any other sale, or otherwise acquire, and may administer, any low-rent housing project which it previously owned or in connection with which it has made a loan pursuant to section 9, annual contributions pursuant to section 10, or capital grants pursuant to section 11.

(b) The acquisition by the Authority of any real property pursuant to this Act shall not deprive any State or political subdivision thereof of its civil and criminal jurisdiction in and over such property, or impair the civil rights under the State or local law of the inhabitants on such property; and, insofar as any such jurisdiction may have been taken away or any such rights impaired by reason of the acquisition of any property transferred to the Authority pursuant to section 4 (c), such jurisdiction and such rights are hereby fully restored.

(c) The Authority may enter into agreements to pay annual sums in lieu of taxes to any State or political subdivision thereof with respect to any real property owned by the Authority. The amount so paid for any year upon any such property shall not exceed the taxes that would be paid to the State or subdivision, as the case may be, upon such property if it were not exempt from taxation thereby.

(d) The Authority may procure insurance against any loss in connection with its property and other assets (including mortgages), in such amounts, and from such insurers, as it deems desirable.

(e) The Authority may sell or exchange at public or private sale, or lease, any real property (except low-rent housing projects, the disposition of which is governed elsewhere in this act) or personal property, and sell or exchange any securities or obligations, upon such terms as it may fix. The Authority may borrow on the security of any real or personal property owned by it, or on the security of the revenues to be derived therefrom, and may use the proceeds of such loans for the purposes of this Act.

Mr. KELLER (interrupting the reading of the section). Mr. Chairman, I ask that the further reading of this section be dispensed with.

Mr. RAMSPECK. I object, Mr. Chairman.

The Clerk resumed the reading of the amendment.

Mr. KELLER. Mr. Chairman, I ask unanimous consent that the further reading of this section may be dispensed with.

Mr. RAMSPECK. Mr. Chairman, reserving the right to object, I may say to the gentleman from Illinois that I gave notice to the Chairman of this committee when he cut me off from debate that this bill was going to be read, and it is going to be read. I object, Mr. Chairman.

The Clerk concluded the reading of the section.

The Clerk read as follows:

SEC. 14. Subject to the specific limitations or standards in this act governing the terms of sales, rentals, leases, loans, contracts for annual contributions, contracts for capital grants, or other agreements, the Authority may, whenever it deems it necessary or desirable in the fulfillment of the purposes of this act, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, amount of annual contribution, or any other term, of any contract or agreement of any kind to which the Authority is a party or which has been transferred to it pursuant to this act. Any rule of law contrary to this provision shall be deemed inapplicable.

SEC. 15. In order to insure that the low-rent character of housing projects will be preserved, and that the other purposes of this act will be achieved, it is hereby provided that—

(1) When a loan is made pursuant to section 9 for a low-rent-housing project the Authority may retain the right, in the event of a substantial breach of the condition (which shall be embodied in the loan agreement) providing for the maintenance of the low-rent character of the housing project involved or in the event of the acquisition of such project by a third party in any manner including a bona-fide foreclosure under a mortgage or other lien held by a third party, to increase the interest payable thereafter on the balance of said loan then held by the Authority to a rate not in excess of the going Federal rate (at the time of such breach or acquisition) plus 2 percent per annum or to declare the unpaid principal on said loan due forthwith.

(2) When a loan is made pursuant to section 9 for a slum-clearance project the Authority shall retain the right, in the event of the leasing or acquisition of such project by a third party in any manner including a bona-fide foreclosure under a mortgage or other lien held by a third party, to increase the interest payable thereafter on the balance of said loan then held by the Authority to a rate not in excess of the going Federal rate (at the time of such leasing or acquisition) plus 2 percent per annum or to declare the unpaid principal on said loan due forthwith.

(3) When a contract for annual contributions is made pursuant to section 10, the Authority shall retain the right, in the event of a substantial breach of the condition (which shall be embodied in such contract) providing for the maintenance of the low-rent character of the housing project involved, to reduce or terminate the annual contributions payable under such contract. In the event of the acquisition of such project by a third party in any manner including a bona-fide foreclosure under a mortgage or other lien held by a third party, such annual contributions shall terminate.

(4) The Authority may also insert in any contract for loans, annual contributions, capital grants, sale, lease, mortgage, or any other agreement or instrument made pursuant to this Act, such other covenants, conditions, or provisions as it may deem necessary in order to insure the low-rent character of the housing project involved.

(5) With respect to housing projects on which construction is hereafter initiated, the Authority shall make loans, grants, and annual contributions only for such low-rent housing projects as it finds are to be undertaken in such a manner (a) that such projects will not be of elaborate or expensive design or materials and economy will be promoted both in construction and administration and (b) that the average construction cost of the dwelling units (excluding land and non-dwelling facilities) in any such project is not greater than the average construction cost

of dwelling units currently produced by private enterprise, in the locality or metropolitan area concerned, under the legal building requirements applicable to the proposed site, and under labor standards not lower than those prescribed in this act. The Authority shall determine, in making loans, grants, or annual contributions for projects hereafter initiated, that, in each fiscal year, the average family-dwelling-unit cost (as herein defined) shall not exceed $5,000.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of North Carolina: Page 56, line 24, strike out "$5,000" and insert in lieu thereof "$4,000, and the cost per room shall not exceed $1,000, including in either case the cost of the land and the cost of renovating old buildings, less value of salvage."

Mr. HANCOCK of North Carolina. Mr. Chairman, this amendment is similar to the amendment which was adopted in the Senate, with this exception: In the Senate amendment the per-dwelling-unit cost was limited to $4,000 and the per-room cost to $1,000, excluding land and the cost of demolition. Under this amendment $4,000 is the limit placed upon the dwelling cost and $1,000 upon a room, whichever may be the lesser, including cost of land and demolition cost, but there is left in the language of this particular provision the word "average", so that some latitude and flexibility can be given to the local housing agency to meet peculiar conditions similar to those described to us by our friends from the larger centers.

Mr. Chairman, if we will stop, use some common sense, and seriously consider what we are trying to do under this bill, I know the House will vote favorably upon this amendment. The objective of this bill is to provide for those in the low-income brackets and who live in slums without sunshine or air safe, decent, and sanitary housing facilities. I think it can be truthfully said that not 50 percent of the American families today occupy dwellings that cost in excess of $3,000. We must remember that this unfortunate group of people to whom the benefits of this bill are directed are those who have been living in squalor conditions, within incomes ranging from $700 to $1,200 a year. You cannot afford to jump them up to $6,000 dwellings.

We must not only consider the cost involved, but I want you to consider the question of such a procedure on the morale of the men and women in this country who, through self-denial, self-discipline, and frugality, have been able to earn for themselves their own little modest homes. I want you to consider the attitude of the citizen who has, through years of sacrifice and from meager wages been able to build for himself a safe, decent, and sanitary dwelling costing from $2,500 to $3,000.

Did you know that about 38 percent of the homes which have been insured under title II of the Federal Housing Act—and they are doing some fine work—have been erected at a cost of less than $2,500?

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. HANCOCK of North Carolina. I cannot yield right now.

Think about the man or woman, the working man or woman, who is living today in a $2,000 or $2,500 or $3,000 little home, built with their own money, and you let them see these structures go up. How do you reckon they will feel, and especially when they see this special class entering these comparatively luxurious apartments or dwellings? I will tell you that the projects built under P. W. A.—I do not care where they are located—are superior to the home of the average family in that community. What effect do you think this has upon the morale of the honest-to-God American citizen? Fellows, let us watch our step, for God knows we are in dangerous territory. Do not let us do this thing. Let us act sensibly and insist on restricting these almost free homes to a type and cost of construction that will not discourage or destroy the incentive for home ownership in America. [Applause.] May I illustrate the danger by reading this letter:

To the EDITOR.

SIR: After years of struggle and many reverses, I have purchased a suburban lot and saved enough cash to build a home for my family to cost not more than $2,500. Despite high taxes I hope we will be able to swing it and give my family a roof over their heads that they can call their own.

I was brought up to believe it was more desirable to have something you could call your own than to use something that belonged to somebody else, even if it was more pretentious, and live like you could afford it. In this connection I have had quite a shock. I have a daughter, almost a young lady, who thinks her friends would look down on her if we lived in a house we can afford. They tell her that they plan to live in P. W. A. houses costing from $4,000 to $6,000, which she thinks will place them in a higher social scale, although their income is not as large as mine. My trouble is that my income is too high to permit me to occupy a $6,000 Government house and too low to enable me to live in one of my own costing more than $2,500.

I read in your paper where the Associated Press says that "W. P. A. architects and engineers have insisted in their $140,000,000 slum clearance campaign that every room be an outside room and that modern kitchen and bathroom equipment be installed." If I could build a house like that, I believe my daughter would be satisfied. Would the P. W. A. supplement my $2,500 with another $2,500, or is it the policy to spend from $1,000 to $1,300 a room in building homes for persons who have nothing of their own to contribute?

Mr. WHITE of Ohio and Mr. O'CONNOR of New York rose.

The CHAIRMAN. For what purpose does the gentleman from Ohio rise?

Mr. WHITE of Ohio. Mr. Chairman, I rose to offer an amendment, but I think one of the finest Members of this House is the gentleman from New York, and I am going to withhold my amendment so that he may be heard.

Mr. O'CONNOR of New York. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, there are more ways of scuttling a ship than using an auger, and if this amendment were adopted, this bill would be absolutely useless, as the House committee has already determined, I would vote against the bill and every Member from any of the metropolitan centers should likewise vote against it.

Mr. COCHRAN. Mr. Chairman, will the gentleman yield?

Mr. O'CONNOR of New York. I have hardly got started, but I yield to the gentleman.

Mr. COCHRAN. I will say that there is one Member from a metropolitan district who will not vote against it.

Mr. O'CONNOR of New York. Well, there must be some undemocratic reason which prompts the great economist. As I said this morning, it has been proven that you cannot possibly, in any of the metropolitan districts, build one of these projects at a cost of $1,000 a room or $4,000 a unit. The two projects in New York, the Harlem and the Williamsburg, have cost $1,600 a room. The project in Atlanta cost $4,600 plus for four rooms, the project in Cincinnati cost over $4,600 for four rooms, and so on throughout the country, and nobody knows but what within the next year, which is the earliest time when this experiment can get under way, what the cost of material and labor is going to be. It just cannot be done, and when the Senate put in the $4,000 limitation, the House committee on the presentation made to it, fully realized that it could not be done throughout the country.

There is no requirement in this bill that the authority in charge shall spend $5,000 per unit if they can build it cheaper in some communities, and the gentleman from North Carolina [Mr. HANCOCK], one of the most brilliant men in this House, one of the men who knows more about these subjects than most of us, talks about "palatial apartments."

Of course, that is a great extravagance as to any one of these housing projects. I am sure the gentleman, and many other people, would not live in what they call "palatial projects", which rent for $4 and a few cents per month per room, where the rooms are small, where they are usually located in the old sections of these cities, and only certain types of people will live in such sections.

Of all the items in the bill this is the most important. You might just as well forget about a housing bill if you adopt an amendment to go back to a limitation of $4,000, and I hope the membership of this Committee, in fairness and in sincerity, if they want to pass a housing bill, will defeat this amendment, because with this amendment in,

I for one, and I am sure many here who are interested in housing, will vote against the entire bill.

Mr. STEAGALL. Mr. Chairman, I call attention to another limitation in the bill. It is this:

The Authority shall make loans, grants, and annual contributions only for such low-rent housing projects as it finds are to be undertaken in such a manner (a) that such projects will not be of elaborate or expensive design or materials and economy will be promoted both in construction and administration and (b) that the average construction cost of the dwelling units (excluding land and nondwelling facilities) in any such project is not greater than the average construction cost of dwelling units currently produced by private enterprise, in the locality or metropolitan area concerned, under the legal building requirements applicable to the proposed site, and under labor standards not lower than those prescribed in this act.

That, Mr. Chairman, is the real limit. That is the limit that ought to be applied to expenditures. If that is complied with in good faith, then we have set the only limit that can be established that will admit of such an administration of this act as will accomplish the declared purpose of the bill. That is the real test. There need not have been any other.

Mr. O'CONNOR of New York. And as I said this morning as a matter of fact there should not be a limitation of $5,000 in there, and there is no necessity for that at all.

Mr. STEAGALL. The other is the real limitation and the only one that ought really to be in the bill. The $5,000 limit was put in by gentlemen who wanted to satisfy some of those who, like our good friend from North Carolina [Mr. HANCOCK], wanted a specific limitation.

Mr. Chairman, I move that all debate upon this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina.

The question was taken; and on a division (demanded by Mr. HANCOCK of North Carolina) there were—ayes 59, noes 97.

So the amendment was rejected.

The Clerk read as follows:

SEC. 16. In order to protect labor standards—

(1) The provisions of the act of August 30, 1935, entitled "An act to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings" (49 Stat. 1011), and of the act of August 24, 1935, entitled "An act requiring contracts for the construction, alteration, and repair of any public building or public work of the United States to be accompanied by a performance bond protecting the United States and by an additional bond for the protection of persons furnishing material and labor for the construction, alteration, or repair of said public buildings or public work" (U. S. C., 1934 ed., Supp. II, title 40, secs. 270a to 270d, inclusive), shall apply to contracts in connection with the development or administration of low-rent-housing or slum-clearance projects and the furnishing of materials and labor for such projects: *Provided*, That suits shall be brought in the name of the Authority and that the Authority shall itself perform the duties prescribed by section 3 (a) of the act of August 30, 1935, and section 3 of the act of August 24, 1935.

(2) Any contract for loans, annual contributions, capital grants, sale, or lease pursuant to this act shall contain a provision requiring that the wages or fees prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Authority, shall be paid to all architects, technical engineers, draftsmen, technicians, laborers, and mechanics employed in the development or administration of the low-rent housing or slum-clearance project involved; and the Authority may require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract.

(3) The act entitled "An act limiting the hours of daily services of laborers and mechanics employed upon work done for the United States, or for any Territory, or for the District of Columbia, and for other purposes", as amended (37 Stat. 137), shall apply to contracts of the Authority for work in connection with the development and administration of low-rent-housing or slum-clearance projects.

(4) The benefits of the act entitled "An act to provide compensation for employees of United States suffering injuries while in the performance of their duties, and for other purposes" (39 Stat. 742), shall extend to officers and employees of the Authority.

(5) The provisions of sections 1 and 2 of the act of June 13, 1934 (U. S. C., 1934 edition, title 40, secs. 276 b and 276 c), shall apply to any low-rent-housing or slum-clearance project financed in whole or in part with funds made available pursuant to this act.

(6) Any contractor engaged on any project financed in whole or in part with funds made available pursuant to this act shall report monthly to the Secretary of Labor, and shall cause all subcontractors to report in like manner (within 5 days after the close of each calendar month, on forms to be furnished by the United States Department of Labor), as to the number of persons on their respective pay rolls, the aggregate amount of such pay rolls, the total man-hours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.

During the reading of the foregoing the following occurred:

Mr. KELLER (interrupting the reading). Mr. Chairman, I ask unanimous consent that the further reading of the section be dispensed with.

The CHAIRMAN. Is there objection?

Mr. RAMSPECK. I object.

Mr. WADSWORTH. Mr. Chairman, I move to strike out the last word, for the purpose of making an inquiry of the chairman of the committee. I call his attention to paragraph 6 on page 59, which provides in effect that every contractor engaged on one of these projects shall make a report monthly to the Secretary of Labor as to the number of persons on his pay rolls, the aggregate amount of the pay roll, and the total amount of man-hours worked, and itemized expenses for materials. But it also provides that the subcontractor shall make the same kind of report. Does the committee intend that the subcontractor on one of these projects, which might, for example, be a lumber company situated in the State of Mississippi providing lumber as a subcontractor to a project in New York City, shall furnish to the Secretary of Labor a list of all its employees in Mississippi, the number of hours they work, and what they spend? The gentleman from Minnesota [Mr. KVALE] suggests that I may be mistaken. I read the language:

Any contractor engaged on any project financed in whole or in part with funds made available pursuant to this act shall report monthly to the Secretary of Labor, and shall cause all subcontractors to report in like manner * * * as to the number of persons in their respective pay rolls, the aggregate amount of such pay rolls, the total man-hours worked, and itemized expenditures for material.

Surely the committee does not mean that a subcontractor, which may be the Bell Telephone Co., employing thousands and thousands of people, shall monthly furnish to the Secretary of Labor the total of the man-hours worked by all of the people in its employ, whether they are working as a subcontractor or not.

Mr. STEAGALL. Mr. Chairman, if we intend to make such a requirement, that would be the only method by which to make the provisions of the act effective.

Mr. WADSWORTH. What does the committee intend to require of a subcontractor?

Mr. STEAGALL. That he supply this information so that it will be available to the Department of Labor. I would assume that the contractor will obtain this information from the subcontractor and that it would be transmitted to the Department of Labor.

Mr. WADSWORTH. But it goes far beyond the intent just expressed.

Mr. STEAGALL. That is the law now in effect. It was not put into this bill as a new proposition.

Mr. WADSWORTH. Not as to the subcontractor.

Mr. STEAGALL. How would the contractor be able to do it if in some way the subcontractor did not furnish him the information?

Mr. WADSWORTH. Is it an attempt to write the Walsh-Healey Act into this law?

If it is, it goes far beyond the Walsh-Healey bill. Surely, the gentleman does not contend that a huge concern which takes a subcontract to furnish brass fittings in a flat must, as is provided in this section, supply to the contractor and, through him, to the Secretary of Labor the total number of man-hours worked by all the people in his plant, whether they are working on these particular brass fittings or on brass for all the rest of the people of the United States.

Mr. STEAGALL. I think the gentleman is stretching the construction of this act beyond any reasonable interpretation.

Mr. WADSWORTH. I am reading the English language.

Mr. STEAGALL. The situation to which the gentleman refers would be that of a materialman.

Mr. WADSWORTH. He is a subcontractor.

Mr. STEAGALL. But he would be a materialman if he furnished the fittings or other articles such as the gentleman suggests.

Mr. WADSWORTH. But he may contract to install them.

Mr. STEAGALL. That would be an entirely different matter.

Mr. WADSWORTH. Even then he would have to furnish the total number of man-hours worked in his plant for the whole month every month of the year in which he does any work on this project.

Mr. STEAGALL. I will say that my interpretation of this provision would be that the Department of Labor would be able to ascertain from the reports who had worked on these buildings—the hours, the time, and the wages. That is all that would be accomplished.

Mr. WADSWORTH. But the amendment is not confined to the building. The amendment reaches back to the plant.

The CHAIRMAN. The time of the gentleman from New York [Mr. WADSWORTH] has expired.

Mr. FISH. Mr. Chairman, I move to strike out the last word. I would like to suggest to the chairman of the Committee on Banking and Currency with reference to the colloquy between him and the gentleman from New York [Mr. WADSWORTH] that it might clarify the situation if he added the words, on page 59, line 10, after the words "pay rolls", "on the particular project."

Mr. STEAGALL. If you will read the entire provision, you will see that it applies to all who worked on the project. Those who worked. They are the people to whom it applies. It does not apply to anybody else.

Mr. FISH. If you add those words "as to the particular project", that would clear up the whole situation and would not change the purpose of this section. Otherwise it might require a list of employees of subcontractors all over the country. If you will accept the amendment, I will offer that.

Mr. STEAGALL. If you will read the language in lines 13 and 14 you will see its application is limited to the work. That means the people who labor on this project. If you want to apply the law, this is the way to do it. Otherwise you will defeat the purpose of the bill.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. WADSWORTH. For the purpose of asking the gentleman from Alabama a question.

Mr. FISH. Yes; I yield to the gentleman from New York.

Mr. WADSWORTH. I appreciate the courtesy. I want to put this question, if I may, without being impertinent to the Chairman of the Committee: Is it not a fact that under the language as now printed in paragraph 6 this would happen: We will say the General Electric Co. takes a subcontract to wire one of these buildings, if they do that kind of business. Under this language would it not be a fact that the General Electric Co. would have to report to the Secretary of Labor how many men were on its pay rolls at Schenectady, N. Y., at Pittsfield, Mass., and at various other points, and the total number of man-hours worked at all of them?

Mr. STEAGALL. Why should he not be required to give account of the labor employed by him and the remuneration applied, the same as anybody else who works on the project?

The pro-forma amendment was withdrawn.

Mr. WADSWORTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WADSWORTH: Page 59, line 3, strike out "any contractor" and insert "all contractors"; and in line 5, strike out the word "and" and strike out all of lines 6, 7, and 8, and the words "of Labor" in line 9.

Mr. WADSWORTH. Mr. Chairman, if that amendment should be adopted the paragraph would read in this fashion:

(6) All contractors engaged on any project financed in whole or in part with funds made available pursuant to this act shall report monthly to the Secretary of Labor as to the number of persons on their respective pay rolls, the aggregate amount of such pay rolls, the total man-hours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.

But it would not compel subcontractors, a part of whose business might be the doing of a job on one of these apartment houses, to file with the Secretary of Labor a complete account of all the man-hours worked in their plants on all other business, which the language of the bill certainly does.

Mr. McGRANERY. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. McGRANERY. Does the gentleman understand that one of the specific reasons for that particular provision is to prevent what is commonly known as kick-backs coming from the employees to the employers whether they be directly the contractor or the subcontractor? There have been many instances of kick-backs and indictments in our courts for just that very thing. I feel as does the gentleman that perhaps the language may be too broad.

Mr. WADSWORTH. It is all-inclusive.

Mr. McGRANERY. It should be limited, but I do think that the subcontractor should be required to make the same kind of return as the general contractor on the job. The language should limit it, however, to the specific project upon which they are working.

Mr. WADSWORTH. I am not thoroughly familiar, by any means, with the various laws on the statute books regulating hours and wages with respect to Government work. I remember vaguely the terms of the Walsh-Healey Act which was passed last year. That act does not go as far as this proposes to go. No act upon the statute books, I think, goes as far as this. I am wondering, Mr. Chairman, if you can ever get a subcontractor to take a subcontract under such a provision. The expense to be imposed upon them would be almost prohibitive.

Mr. McCORMACK and Mr. STEAGALL rose.

Mr. WADSWORTH. Mr. Chairman, I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I think that the gentleman from New York has in mind something that the committee had in mind. Certainly we do not want to require subcontractors to make a report about employees employed out in California or elsewhere away from the job. I do not think the committee intends to.

I think that the gentleman from Pennsylvania [Mr. McGRANERY] is right, that the subcontractors should report their employees on the project. Along this line of reasoning I suggest to my friend that it could be taken care of by adding in line 6, after the word "report", the words "its employees on the project", so that it will read:

Shall cause all subcontractors to report its employees on the project.

That confines the operation of the provision.

Mr. STEAGALL. Mr. Chairman, will the gentleman yield?

Mr. WADSWORTH. I yield.

Mr. STEAGALL. The language in the last line reads "subcontractors on the work." It seems to me this confines it to the particular project. Anyone would construe it that way.

If we do not place a similar requirement on subcontractors there is nothing to hinder contractors from turning all the work over to subcontractors and thus being themselves exempt from the requirements of the law.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from New York [Mr. WADSWORTH]:

The Clerk read as follows:

Amendment offered by Mr. FISH as a substitute for the amendment offered by Mr. WADSWORTH:
Page 59, line 10, after the words "pay rolls", insert "on the particular project."

Mr. WADSWORTH. That is satisfactory.

Mr. FISH. My amendment is satisfactory to the gentleman from New York. I hope the Committee will accept it. It is merely a clarifying amendment.

Mr. SUMNERS of Texas. Mr. Chairman, will the gentleman yield for a suggestion?

Mr. FISH. Yes.

Mr. SUMNERS of Texas. Mr. Chairman, I make the suggestion for the consideration of the Committee that unanimous consent be asked that this subsection be passed over for the present. It is a very important matter and it is perfectly evident that it is being amended in haste without due consideration. If it could be passed over to the heel of the bill, if it is to be amended, then it could be amended deliberately after being studied.

Mr. FISH. I may say to the gentleman from Texas that I do not think there is any difficulty about the matter. It is merely a clarifying amendment. It is satisfactory to the gentleman from New York. I do not know anyone who opposes it, and it makes the bill say exactly what we want it to say.

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent that the amendment of the gentleman from New York [Mr. FISH] may be again reported so that we may know exactly what we are passing upon.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. FISH as a substitute to the amendment offered by the gentleman from New York: After the words "pay rolls" in line 10 insert: "on the particular project."

Mr. FISH. This leaves the language as it is in the present bill with the exception of the amendment I have offered. I do not think there is any objection to that.

Mr. STEAGALL. Mr. Chairman, I may say unless some member of the committee has a different view from myself, the amendment suggested by the gentleman from New York [Mr. FISH], who is now offering the substitute amendment is satisfactory.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from New York [Mr. FISH].

The substitute amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. WADSWORTH], as amended by the substitute.

The amendment, as amended by the substitute, was agreed to.

The Clerk read as follows:

FINANCIAL PROVISIONS

SEC. 17. The Authority shall have a capital stock of $1,000,000, which shall be subscribed by the United States and paid by the Secretary of the Treasury out of any available funds. Receipt for such payment shall be issued to the Secretary of the Treasury by the Authority and shall evidence the stock ownership of the United States of America.

SEC. 18. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $26,000,000 for the fiscal year ending June 30, 1938, of which $1,000,000 shall be available to pay the subscription to the capital stock of the Authority. Such sum, and all receipts and assets of the Authority, shall be available for the purposes of this act until expended.

SEC. 19. Any funds available under any act of Congress for allocation for housing or slum clearance may, in the discretion of the President, be allocated to the Authority for the purposes of this act.

SEC. 20. (a) The Authority is authorized to issue obligations, in the form of notes, bonds, or otherwise, which it may sell to obtain funds for the purposes of this act. The Authority may issue such obligations in an amount not to exceed $100,000,000 on or after the date of enactment of this act, an additional amount not to exceed $200,000,000 on or after July 1, 1938, and an additional amount not to exceed $200,000,000 on or after July 1, 1939. Such obligations shall be in such forms and denominations, mature within such periods not exceeding 60 years from date of issue, bear such rates of interest not exceeding 4 percent per annum, be subject to such terms and conditions, and be issued in such manner and sold at such prices as may be prescribed by the Authority, with the approval of the Secretary of the Treasury.

(b) Such obligations shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or by any State, county, municipality, or local taxing authority.

(c) Such obligations shall be fully and unconditionally guaranteed upon their face by the United States as to the payment of both interest and principal, and, in the event that the Authority shall be unable to make any such payment upon demand when due, payments shall be made to the holder by the Secretary of the Treasury with money hereby authorized to be appropriated for such purpose out of any money in the Treasury not otherwise appropriated. To the extent of such payment the Secretary of the Treasury shall succeed to all the rights of the holder.

(d) Such obligations shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or agency thereof. The Secretary of the Treasury is likewise authorized to purchase any such obligations, and for such purchases he may use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any such purchases. The Secretary of the Treasury may at any time sell any of the obligations acquired by him pursuant to this section, and all redemptions, purchases, and sales by him of such obligations shall be treated as public-debt transactions of the United States.

(e) Such obligations may be marketed for the Authority at its request by the Secretary of the Treasury, utilizing all the facilities of the Treasury Department now authorized by law for the marketing of obligations of the United States.

SEC. 21. (a) Any money of the Authority not otherwise employed may be deposited, subject to check, with the Treasurer of the United States or in any Federal Reserve bank, or may be invested in obligations of the United States or used in the purchase or retirement or redemption of any obligations issued by the Authority.

(b) The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Authority in the general exercise of its powers, and the Authority may reimburse any such bank for its services in such manner as may be agreed upon.

(c) The Authority may be employed as a financial agent of the Government. When designated by the Secretary of the Treasury, and subject to such regulations as he may prescribe, the Authority shall be a depository of public money, except receipts from customs.

(d) Not more than 10 percent of the funds provided for in this act, either in the form of a loan, grant, or annual contribution, shall be expended within any one State.

Mr. FISH. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment offered by Mr. FISH: Page 62, line 24, after the word "than" strike out "10" and insert "15."

Mr. FISH. Mr. Chairman, in the other branch the Wagner housing bill was adopted with a 20-percent maximum for any one State. The House committee reduced that to 10 percent. I am offering an amendment now to make it 15 percent as a matter of equity and justice.

Mr. Chairman, the prime reason for this bill is to take care of slum clearance in the large industrial centers of America, particularly New York, Detroit, Philadelphia, Pittsburgh, Chicago, and other cities. May I say to those Members who come from the farm districts that the city of New York, for example, that contributes over 30 percent of Federal taxes and where the need is the greatest for slum clearance, as the congestion is worse there, should at least be permitted to get 15 percent back.

I am sorry to say we have no Republicans from New York City. The same thing applies to Philadelphia, Pittsburgh, Detroit, and Chicago. The Democratic Members from New York City, Pittsburgh, and elsewhere have been voting for farm relief for flood control, for waterpower projects, for Dust Bowl relief, and almost everything that the farmers have been asking for. Therefore I say, as a matter of justice and fair dealing and sportsmanship the amendment I have offered ought to be adopted. This money should go where it is most needed. It is needed in the congested sections of the cities of New York, Detroit, Chicago, and Philadelphia more than anywhere else. Why should we limit this bill to 10 percent to any one State? The Senate put it at 20 percent. I offer the amendment as a fair compromise at 15 percent and I hope it will be agreed to.

Mr. STEAGALL. Mr. Chairman, I rise in opposition to the amendment. It is recognized by everybody that has given thought to this legislation that what we are doing now is only a beginning. It is impossible now to anticipate the developments and conditions that will confront the Authority in years to come in the administration of this act; and certainly for the time being, with the limited funds sup-

plied by this bill and the limited accomplishments that we might reasonably expect, there can be no harm in fixing a limit which will not allow any one State to have more than one-tenth of the sum that is to be distributed among 48 States.

Mr. O'CONNOR of New York. Will the gentleman yield?

Mr. STEAGALL. I yield to the gentleman from New York.

Mr. O'CONNOR of New York. As I said this morning, of course I am opposed to the 10 percent. I am really opposed to the 20 percent. But this act is not going to be administered within 6 months or a year, so while I do not like the limitation and I do not like the "pork barrel" aspects of it, for the present I feel that matter will take care of itself. When the situation changes we will be back here, every Democrat will be back here for many years to come, and we can take care of the situation when it arises.

Mr. STEAGALL. I appreciate the gentleman's suggestions which are entirely in accord with the views of the Committee on Banking and Currency.

Mr. Chairman, I move that all debate on this section and all amendments thereto do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FISH].

The amendment was rejected.

The Clerk read as follows:

PENALTIES

SEC. 22. All general penal statutes relating to the larceny, embezzlement, or conversion or to the improper handling, retention, use, or disposal of public moneys or property of the United States shall apply to the moneys and property of the Authority and to moneys and properties of the United States entrusted to the Authority.

SEC. 23. Any person who, with intent to defraud the Authority or to deceive any director, officer, or employee thereof or any officer or employee of the United States, makes any false entry in any book of the Authority or makes any false report or statement to or for the Authority shall, upon conviction thereof, be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

SEC. 24. Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Authority or with intent unlawfully to defeat its purposes, shall, upon conviction thereof, be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

SEC. 25. Any person who induces or influences the Authority to purchase or acquire any property or to enter into any contract and willfully fails to disclose any interest, legal or equitable, which he has in such property or in the property to which such contract relates, or any special benefit which he expects to receive as a result of such contract shall, upon conviction thereof, be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

SEC. 26. No individual, association, partnership, or corporation shall use the words "United States Housing Authority", or any combination of these four words, as the name, or part thereof, under which he or it shall do business. Any such use shall constitute a misdemeanor and shall be punishable by a fine not exceeding $1,000.

SEC. 27. Wherever the application of the provisions of this act conflicts with the application of the provisions of Public No. 837, approved June 29, 1936 (49 Stat. 2025), Public, No. 845, approved June 29, 1936 (49 Stat. 2035), or any other act of the United States dealing with housing or slum clearance, or any Executive order, regulation, or other order thereunder, the provisions of this act shall prevail.

SEC. 28. The President is hereby authorized to make available to the Alley Dwelling Authority, from any funds appropriated or otherwise provided to carry out the purposes of this act, such sums as he deems necessary to carry out the purposes of the District of Columbia Alley Dwelling Act, approved June 12, 1934 (Public, No. 307, 73d Cong.). Such sums shall be deposited in the Conversion of Inhabited Alleys Fund and thereafter shall remain immediately available for the purposes of the District of Columbia Alley Dwelling Act.

Mr. KELLER (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the further reading of the section may be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois [Mr. KELLER].

Mr. RAMSPECK. Mr. Chairman, I object.

Mr. HANCOCK of North Carolina. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCOCK of North Carolina: After the period, in line 3, page 65, insert the following new paragraphs:

"Section 201 (a) of title II of the National Housing Act is amended by striking out the words 'not more than four' and inserting in lieu thereof the words 'one or more.'

"Section 203 (b) subsection (2) of title II of the National Housing Act is amended by striking out the word 'executed' and the period at the end of said subsection and inserting in lieu thereof the following: 'insured; or cover a multifamily dwelling and involve a principal obligation in excess of $16,000 but not in excess of $200,000 and not to exceed 80 percent of the appraised value of the property as of the date the mortgage is insured:'."

Mr. WOLCOTT. Mr. Chairman, I make a point of order against the amendment. Enough of the amendment has been read so that it is apparent the proposed amendment is not germane to the purposes of this bill. It is beyond the purposes and scope of the bill before us, and I make the point of order it is not germane to the bill now under consideration.

The CHAIRMAN. Does the gentleman from North Caroline [Mr. HANCOCK] desire to be heard?

Mr. HANCOCK of North Carolina. Mr. Chairman, yes; I would like to be heard on the point of order.

Section 1 of S. 1685, as reported with an amendment by the Committee on Banking and Currency of the House of Representatives, is a declaration of policy.

First. It is declared to be the policy of the United States to promote the general welfare of the Nation by employing its funds and credit to assist the several States and their political subdivisions to alleviate present and recurring unemployment and to remedy the unsafe and insanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income that are injurious to the health, safety, and morals of the citizens of the Nation.

The National Housing Act was enacted in part for precisely the same purposes. It is so stated in the preamble to the act where the declared policy of Congress is stated—

To encourage improvement in housing standards and conditions * * *.

Section 207 of the National Housing Act, which is proposed to be amended, authorizes the Federal Housing Administrator to insure mortgages held by Federal or State instrumentalities or municipal or corporate instrumentalities of one or more States formed for the purpose of providing housing for persons of low income. Under this section of the National Housing Act provision is made for the use of the credit of the United States—

To assist the several States and their political subdivisions * * * to remedy the unsafe and insanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income.

The inclusion, therefore, of the proposed amendments in the Wagner-Steagall bill would seem to be entirely appropriate and germane because the proposed amendments deal with precisely the same situations as are dealt with by the Wagner-Steagall bill. It would be difficult to find two subjects more closely akin or more relevant to each other.

The enactment of the Wagner-Steagall bill would make it possible for "State instrumentalities, * * * or municipal corporate instrumentalities * * *" to obtain grants and loans from an agency of the Federal Government for the purpose of providing dwellings for persons of low income.

Under section 207 of the National Housing Act, which is proposed to be amended, "the several States and their political subdivisions" can now obtain from an agency of the Federal Government the credit of the United States for the purpose of providing housing for persons of low income. The transactions carried on pursuant to section 207 of the National Housing Act are completely described in the declaration of policy contained in the Wagner-Steagall bill, and the credit of the United States has actually been made available to a State agency for the purpose of providing housing for persons of low income through the insurance of a mortgage under section 207 of the National Housing Act.

Second. The announced purpose of the bill now before the House is to improve housing conditions and standards. This is precisely the purpose of the amendments to the National Housing Act in that the objective sought to be attained by the amendments is to clarify and liberalize the provisions of that act so as to more fully accomplish the purpose declared to be the original reason for the enactment of the National Housing Act which purpose was to improve housing conditions and standards.

Third. Another declared policy in the bill now before the House is to increase employment by the construction of new housing. This is one of the purposes which will be accomplished by these amendments, through the encouragement by use of the insurance scheme of the building with private capital of housing units throughout the country. In this respect, the operations under these amendments will supplement and not antagonize the operations under the bill now before the House and will reach a kind of building operations which is not reached by the present bill, but which nevertheless is clearly within the purposes sought to be accomplished by it.

These amendments will greatly increase the supply of housing and avert a housing shortage with the result of an exorbitant increase in rents and overcrowding. The building of new lost-cost housing projects under these amendments will release other more obsolete structures which can then be occupied by persons who require a lower rental.

Fourth. The primary purpose of the proposed amendments has been explained and has been shown to be closely akin, if not identical, to the purposes sought to be accomplished by the bill now before the House.

The proposed amendments that have to do with national mortgage associations which are authorized to be set up by title III of the National Housing Act, serve the purpose of perfecting the financial machinery appropriate for the accomplishment of the primary purpose, that is, the construction of adequate housing throughout the country.

Through the operations of these national mortgage associations in the sale of their debentures, the public is permitted to invest in these housing operations, and in this way millions of private funds now seeking investment can be utilized in the promotion of the general housing program.

Mr. WOLCOTT. Mr. Chairman, about the only thing the amendment and the bill have in common is that in the titles of the two bills the word "housing" is used. This amendment, which even changes the scope of the Federal Housing Authority, refers to an act which creates on the part of the Government an agency by which banks and other financial institutions of the country may have their loans insured. The bill before the committee is a bill providing for the creation of an authority not for the purpose of insuring loans but for the purpose of making grants or contributions for a specific and most definite purpose. The purpose of the bill before us (S. 1685) is to eliminate unsafe and insanitary housing conditions, to eradicate slums, to provide for decent, safe, and sanitary dwellings for families of low income, to reduce unemployment, and so forth. The Federal Housing Act had to do with insurance of loans without regard to sanitation, without regard to safety, and without regard to the income of the people who were to have their loans insured.

I think the Chairman has even today established a precedent for a ruling sustaining the point of order by sustaining the point of order made against the amendment offered by the gentleman from Pennsylvania.

In summary, Mr. Chairman, I submit the amendment offered is dissimilar in purpose to the pending bill, is not within the purpose and scope of the bill S. 1685, and, therefore, is not germane.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. WOLCOTT. I yield to the gentleman from Missouri.

Mr. WILLIAMS. May I suggest, in addition to what has been stated on the point of order, that the National Housing Administration is an agency which insures private loans, and is simply to further private building. I call attention again to the fact that the pending bill is a public housing bill.

Mr. WOLCOTT. The point is very well taken.

Mr. WILLIAMS. The amendment is not germane to this bill.

The CHAIRMAN. The Chair is ready to rule.

The gentleman from North Carolina offers an amendment to the pending bill which has been reported by the Clerk.

The Chair invites attention to the fact that the pending bill has for its express purpose the creation of a United States Housing Authority, to provide financial assistance to the States and political subdivisons thereof for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, and so forth. The amendment offered by the gentleman from North Carolina seeks to amend section 201 (a), title II, of the National Housing Act, which is existing law, enacted for specific purposes therein stated and provided.

The Chair has rather hurriedly, but he feels adequately, examined several precedents which at least impress the Chair as being sufficiently near in point to be decisive of the pending question. Attention is invited to section 2967, volume 8, of Cannon's Precedents of the House, which reads as follows:

To a bill proposing to raise the price of agricultural products to a basis of comparative equality with the price of other commodities through the establishment of a Federal Farm Board authorized to promote effective marketing, an amendment proposing to raise agricultural prices through the authorization of export debentures on agricultural products was held not to be germane.

The Chair also invites attention to section 2978 of the same volume of Cannon's Precedents of the House of Representatives, which reads as follows:

One method of attaining an object is not germane to another method of attaining such object unless closely related.

To a bill providing for the distribution of coal by vesting in the Interstate Commerce Commission power to establish priorities, an amendment providing for distribution through governmental purchase was held not to be germane.

The Chair would also invite attention to a decision appearing at page 7180 of the CONGRESSIONAL RECORD under date of May 13, 1936, the second session of the Seventy-fourth Congress, as follows:

To a bill providing for the refinancing of agricultural indebtedness at a reduced rate of interest through the medium of the Farm Credit Administration, an amendment proposing the extension of agricultural credit at a lower rate of interest through an agricultural bank-note committee was held not germane.

The Chair believes that in view of these precedents and the further fact that the pending bill does not purport to amend the existing Federal Housing Act, the amendment here presented offers in effect a new subject not sought to be covered by the pending bill. Therefore, the Chair sustains the point of order.

The Clerk read as follows:

SEC. 29. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of this act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 30. This act may be cited as the "United States Housing Act of 1937."

Mr. KELLER (interruptiong the reading of the section). Mr. Chairman, I ask unanimous consent that the further reading of the section be dispensed with.

Mr. RAMSPECK. I object, Mr. Chairman.

The Clerk concluded the reading of the section.

The Clerk concluded the reading of the committee amendment.

The CHAIRMAN. The question is on the committee amendment, as amended, to the Senate bill.

The committee amendment, as amended, was agreed to.

The CHAIRMAN. Under the rule the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. COOPER, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill

(S. 1685) to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, for the provision of decent, safe, and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes, pursuant to House Resolution 320, he reported the same back to the House with an amendment adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on agreeing to the amendment.

The amendment is as follows:

Strike out all after the enacting clause and insert:

"DECLARATION OF POLICY

"SECTION 1. It is hereby declared to be the policy of the United States to promote the general welfare of the Nation by employing its funds and credit, as provided in this act, to assist the several States and their political subdivisions to alleviate present and recurring unemployment and to remedy the unsafe and insanitary housing conditions and the acute shortage of decent, safe, and sanitary dwellings for families of low income in rural or urban communities, that are injurious to the health, safety, and morals of the citizens of the Nation.

"DEFINITIONS

"SEC. 2. When used in this act—

"(1) The term 'low-rent housing' means decent, safe, and sanitary dwellings within the financial reach of families of low income, and developed and administered to promote serviceability, efficiency, economy, and stability, and embraces all necessary appurtenances thereto. The dwellings in low-rent housing as defined in this act shall be available solely for families of citizens of the United States whose net income does not exceed four times the rental (including the value or cost to them of heat, light, water, and cooking fuel) of the dwellings to be furnished such families, except that in the case of families with three or more minor dependents, such ratio shall not exceed five to one.

"(2) The term 'families of low income' means families who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use.

"(3) The term 'slum' means any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health, or morals.

"(4) The term "slum clearance" means the demolition and removal of buildings from any slum area.

"(5) The term "development" means any or all undertakings necessary for planning, financing (including payment of carrying charges), land acquisition, demolition, construction, or equipment, in connection with a low-rent-housing or slum-clearance project, but not beyond the point of physical completion. Construction activity in connection with a low-rent-housing project may be confined to the reconstruction, remodeling, or repair of existing buildings.

"(6) The term 'administration' means any or all undertakings necessary for management, operation, maintenance, or financing, in connection with a low-rent-housing or slum-clearance project, subsequent to physical completion.

"(7) The term 'acquisition cost' means the amount prudently required to be expended by a public housing agency in acquiring or developing a low-rent-housing or slum-clearance project.

"(8) The term 'average family-dwelling-unit cost' means the average construction cost in a fiscal year of a dwelling unit based on all the dwelling units in all the projects for which the Authority has made loans, grants, or annual contributions during said fiscal year. The date of the first allotment of funds for a project shall be used to determine within which fiscal year such project is to be included for the purpose of ascertaining said average. In computing the average family-dwelling-unit cost there shall be excluded the cost of the land, demolition, and nondwelling facilities. The term 'nondwelling facilities' shall include site development, improvements and facilities located outside building walls (including streets, sidewalks, sanitary utility and other facilities), and administrative, educational, recreational, and commercial facilities in the project.

"(9) The term 'going Federal rate of interest' means, at any time, the annual rate of interest specified in the then most recently issued bonds of the Federal Government having a maturity of 10 years or more.

"(10) The term 'public housing agency' means any State, county, municipality or other governmental entity or public body (excluding the Authority), which is authorized to engage in the development or administration of low-rent housing or slum clearance.

"(11) The term 'State' includes the States of the Union, the District of Columbia, and the Territories, dependencies and possessions of the United States.

"(12) The term 'Authority' means the United States Housing Authority created by section 3 of this act.

"UNITED STATES HOUSING AUTHORITY

"SEC. 3. (a) There is hereby created in the Department of the Interior and under the general supervision of the Secretary thereof a body corporate of perpetual duration to be known as the United States Housing Authority, which shall be an agency and instrumentality of the United States.

"(b) The powers of the Authority shall be vested in and exercised by an Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate. The Administrator shall serve for a term of 5 years and shall be removable by the President upon notice and hearing for neglect of duty or malfeasance but for no other cause.

"(c) The Administrator shall receive a salary of $10,000 a year, shall be eligible for reappointment, and shall not engage in any other business, vocation, or employment. Neither the Administrator nor any officer or employee of the Authority shall participate in any matter affecting his personal interests or the interest of any corporation, partnership, or association in which he is directly or indirectly interested.

"(d) An Advisory Board is hereby established in the Authority, which Board shall consist of nine members to be appointed by the President. The Board shall make recommendations to the Administrator on matters relating to the policies of the Authority, and shall meet upon call of the Administrator. The members of the Board shall receive no annual salary for their services on the Board, but may be paid necessary traveling expenses and reasonable per-diem compensation for services performed. In selecting members of the Board the President shall have due regard to representation of public housing, labor, construction, and other interests, and various geographical areas of the country.

"SEC. 4. (a) The Administrator is authorized without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, to employ and fix the compensation of such officers, attorneys, experts, and employees as may be necessary for the proper performance of the duties of the Authority under this act.

"(b) The Administrator may accept and utilize such voluntary and uncompensated services and with the consent of the agency concerned may utilize such officers, employees, equipment, and information of any agency of the Federal, State, or local governments as he finds helpful in the performance of the duties of the Authority. In connection with the utilization of such services the Authority may make reasonable payments for necessary traveling and other expenses.

"(c) The President may at any time in his discretion transfer to the Authority any right, interest, or title held by any department or agency of the Federal Government in any housing or slum-clearance projects (constructed or in process of construction on the date of enactment of this act), any assets, contracts, records, libraries, research materials, and other property held in connection with any such housing or slum-clearance projects or activities, any unexpended balance of funds allocated to such department or agency for the development, administration, or assistance of any housing or slum-clearance projects or activities, and any employees who have been engaged in work connected with housing or slum clearance. The Authority may continue any or all activities undertaken in connection with projects so transferred, subject to the provisions of this act.

"SEC. 5. (a) The principal office of the Authority shall be in the District of Columbia, but it may establish branch offices or agencies in any State, and may exercise any of its powers at any place within the United States. The Authority may, by one or more of its officers or employees or by such agents or agencies as it may designate, conduct hearings or negotiations at any place.

"(b) The Authority shall sue and be sued in its own name, and shall be represented in all litigated matters by the Attorney General or such attorney or attorneys as he may designate.

"(c) The Authority shall have an official seal, which shall be judicially noticed.

"(d) The Authority shall be granted the free use of the mails in the same manner as the executive departments of the Government.

"(e) The Authority, including but not limited to its franchise, capital, reserves, surplus, loans, income, assets, and property of any kind, shall be exempt from all taxation now or hereafter imposed by the United States or by any State, county, municipality, or local taxing authority. Obligations, including interest thereon, issued by public housing agencies in connection with low-rent-housing or slum-clearance projects, and the income derived by such agencies from such projects, shall be exempt from all taxation now or hereafter imposed by the United States.

"SEC. 6. (a) The Authority may make such expenditures, subject to audit under the general law, for the acquisition and maintenance of adequate administrative agencies, offices, vehicles, furnishings, equipment, supplies, books, periodicals, printing and binding, for attendance at meetings, for any necessary traveling expenses within the United States, its Territories, dependencies, or possessions, and for such other expenses as may from time to time be found necessary for the proper administration of this act. Such financial transactions of the Authority as the making of loans, annual contributions, and capital grants, and the acquisition, sale, exchange, lease, or other disposition of real and personal property, and vouchers approved by the Administrator in connection with such financial transactions, shall be final and conclusive upon all officers of the Government; except that all such financial transactions of the Authority shall be audited by

the General Accounting Office at such times and in such manner as the Comptroller General of the United States may by regulation prescribe.

"(b) The provisions of section 3709 of the Revised Statutes (U. S. C., 1934 edition, title 41, sec. 5) shall apply to all contracts of the Authority for services and to all of its purchases of supplies except when the aggregate amount involved is less than $300.

"(c) The use of funds made available for the purposes of this act shall be subject to the provisions of section 2 of title 3 of the Treasury and Post Office Appropriation Act for the fiscal year 1934 (47 Stat. 1489), and to make such provisions effective every contract or agreement of any kind pursuant to this act shall contain a provision identical to the one prescribed in section 3 of title 3 of such act.

"(d) No annual contribution, grant, or loan, or contract for any annual contribution, grant, or loan of funds under this act shall be undertaken by the Authority except with the approval of the President.

"SEC. 7. In January of each year the Authority shall make an annual report to Congress of its operations and expenses, including loans, contributions, and grants made or contracted for, low-rent-housing and slum-clearance projects undertaken, and the assets and liabilities of the Authority. Such report shall include operating statements of all projects under the jurisdiction of or receiving the assistance of the Authority, including summaries of the incomes of occupants, sizes of families, rentals, and other related information.

"SEC. 8. The Authority may from time to time make, amend, and rescind such rules and regulations as may be necessary to carry out the provisions of this Act.

"LOANS FOR LOW-RENT-HOUSING AND SLUM-CLEARANCE PROJECTS

"SEC. 9. The Authority may make loans to public-housing agencies to assist the development, acquisition, or administration of low-rent-housing or slum-clearance projects by such agencies. Where capital grants are made pursuant to section 11 the total amount of such loans outstanding on any one project and in which the Authority participates shall not exceed the development or acquisition cost of such project less all such capital grants, but in no event shall said loans exceed 85 percent of such cost. In the case of annual contributions in assistance of low rentals as provided in section 10 the total of such loans outstanding on any one project and in which the Authority participates shall not exceed 85 percent of the development or acquisition cost of such project. Such loans shall be secured by a first and a paramount lien against such projects and the revenues derived therefrom, shall bear interest at such rate not less than the going Federal rate at the time the loan is made, plus one-half of 1 percent, and shall be repaid within such period not exceeding 60 years, as may be deemed advisable by the Authority.

"ANNUAL CONTRIBUTIONS IN ASSISTANCE OF LOW RENTALS

"SEC. 10. (a) The Authority may make annual contributions to public housing agencies to assist in achieving and maintaining the low-rent character of their housing projects. The annual contributions for any such project shall be fixed in uniform amounts, and shall be paid in such amounts over a fixed period of years. No part of such annual contributions by the Authority shall be made available for any project unless and until the State, city, county, or other political subdivision in which such project is situated shall contribute at least 25 percent of the annual contributions herein provided in the form of cash or tax remissions, general or special, or tax exemptions. The Authority shall embody the provisions for such annual contributions in a contract guaranteeing their payment over such fixed period: *Provided*, That no annual contributions shall be made, and the Authority shall enter into no contract guaranteeing any annual contribution in connection with the development of any low-rent housing or slum-clearance project involving the construction of new dwellings, unless arrangements satisfactory to the Authority are made for the elimination by demolition, condemnation, and effective closing, or the compulsory repair or improvement of unsafe or insanitary dwellings situated in the locality or metropolitan area, substantially equal in number to the number of newly constructed dwellings provided by the project, except that such elimination may, in the discretion of the Authority, be deferred in any locality or metropolitan area where the shortage of decent, safe, or sanitary housing available to low-income families is so acute as to force dangerous overcrowding of such families.

"(b) Annual contributions shall be strictly limited to the amounts and periods necessary, in the determination of the Authority, to assure the low-rent character of the housing projects involved. Toward this end the Authority may prescribe regulations fixing the maximum contributions available under different circumstances, giving consideration to cost, location, size, rent-paying ability of prospective tenants or other factors bearing upon the amounts and periods of assistance needed to achieve and maintain low rentals. Such regulations may provide for rates of contribution based upon development, acquisition or administration cost, number of dwelling units, number of persons housed, or other appropriate factors: *Provided*, That the fixed contribution payable annually under any contract shall in no case exceed a sum equal to the annual yield at the going Federal rate of interest (at the time such contract is made) plus 1 percent upon the development or acquisition cost of the low-rent-housing or slum-clearance project involved: *And provided further*, That all such annual contributions shall be used first to apply toward any payment of interest or principal on any loan due to the Authority from the public-housing agency.

"(c) In case any contract for annual contributions is made for a period exceeding 20 years, the Authority shall reserve the right to reexamine the status of the low-rent housing project involved at the end of 10 years and every 5 years thereafter; and, at the time of any such reexamination, the Authority may make such modification (subject to all the provisions of this section) in the fixed and uniform amounts of subsequent annual contributions payable under such contract as is warranted by changed conditions and as is consistent with maintaining the low-rent character of the housing project involved. In no case shall any contract for annual contributions be made for a period exceeding 60 years.

"(d) All payments of annual contributions pursuant to this section shall be made out of any funds available to the Authority when such payments are due, except that its capital and its funds obtained through the issuance of obligations pursuant to section 20 (including repayments or other realizations of the principal of loans made out of such capital and funds) shall not be available for the payment of such annual contributions.

"(e) The Authority is authorized, on or after the date of the enactment of this act, to enter into contracts which provide for annual contributions aggregating not more than $5,000,000 per annum, on or after July 1, 1938, to enter into additional such contracts which provide for annual contributions aggregating not more than $7,500,000 per annum, and on or after July 1, 1939, to enter into additional such contracts which provide for annual contributions aggregating not more than $7,500,000 per annum. Without further authorization from Congress, no new contracts for annual contributions beyond those herein authorized shall be entered into by the Authority. The faith of the United States is solemnly pledged to the payment of all annual contributions contracted for pursuant to this section, and there is hereby authorized to be appropriated in each fiscal year, out of any money in the Treasury not otherwise appropriated, the amounts necessary to provide for such payments.

"CAPITAL GRANTS IN ASSISTANCE OF LOW RENTALS

"SEC. 11. (a) As an alternative method of assistance to that provided in section 10, when any public housing agency so requests and demonstrates to the satisfaction of the Authority that such alternative method is better suited to the purpose of achieving and maintaining low rentals and to the other purposes of this act, capital grants may be made to such agency for such purposes. The capital grants thus made for any low-rent housing or slum-clearance project shall be paid in connection with its development or acquisition, and shall be strictly limited to the amounts necessary, in the determination of the Authority, to assure its low-rent character: *Provided, however*, That no capital grant shall be made for the development of any low-rent housing or slum-clearance project involving the construction of new dwellings, unless arrangements satisfactory to the Authority are made for the elimination by demolition, condemnation, and effective closing, or the compulsory repair or improvement of unsafe or insanitary dwellings situated in the locality or metropolitan area, substantially equal in number to the number of newly constructed dwelling units provided by the project, except that such elimination may, in the discretion of the Authority, be deferred in any locality or metropolitan area where the shortage of decent, safe, or sanitary housing available to low-income families is so acute as to force dangerous overcrowding of such families.

"(b) Pursuant to subsection (a) of this section, the Authority may make a capital grant for any low-rent housing or slum-clearance project, which shall in no case exceed 25 percent of its development or acquisition cost.

"(c) All payments of capital grants by the Authority pursuant to subsection (b) of this section shall be made out of any funds available to the Authority, except that its capital and its funds obtained through the issuance of obligations pursuant to section 20 (including repayments or other realizations of the principal of loans made out of such capital and funds) shall not be available for the payment of such capital grants.

"(d) The Authority is authorized, on or after the date of the enactment of this act, to make capital grants (pursuant to subsection (b) of this section) aggregating not more than $10,000,000, on or after July 1, 1938, to make additional capital grants aggregating not more than $10,000,000, and on or after July 1, 1939, to make additional capital grants aggregating not more than $10,000,000. Without further authorization from Congress, no capital grants beyond those herein authorized shall be made by the Authority.

"(e) To supplement any capital grant made by the Authority in connection with the development of any low-rent housing or slum-clearance project, the President may allocate to the Authority, from any funds available for the relief of unemployment, an additional capital grant to be expended for payment of labor used in such development: *Provided*, That such additional capital grant shall not exceed 15 percent of the development cost of the low-rent housing or slum-clearance project involved.

"(f) No capital grant pursuant to this section shall be made for any low-rent housing or slum-clearance project unless the public housing agency receiving such capital grants shall also receive, from the State, political subdivision thereof, or otherwise, a contribution for such project (in the form of cash, land, or the value, capitalized at the going Federal rate of interest, of community facilities or services for which a charge is usually made or tax

remissions or tax exemptions) in an amount not less than 25 percent of its development or acquisition cost.

"DISPOSAL OF FEDERAL PROJECTS

"SEC. 12. (a) It is hereby declared to be the purpose of Congress to provide for the orderly disposal of any low-rent housing projects hereafter transferred to or acquired by the Authority through the sale or leasing of such projects as hereinafter provided; and, in order to continue the relief of Nation-wide unemployment and in order to avoid waste pending such sale or lease, to provide for the completion and temporary administration of such projects by the Authority.

"(b) As soon as practicable the Authority shall sell its Federal projects or divest itself of their management through leases.

"(c) The Authority may sell a Federal project only to a public housing agency. Any such sale shall be for a consideration, in whatever form may be satisfactory to the Authority, equal at least to the amount which the Authority determines to be the fair value of the project for housing purposes of a low-rent character (making such adjustment as the Authority deems advisable for any annual contributions which may hereafter be given hereunder in aid of the project), less such allowance for depreciation as the Authority shall fix. Such project shall then become eligible for loans pursuant to section 9, and either annual contributions pursuant to section 10 or a capital grant pursuant to section 11. Any obligation of the purchaser accepted by the Authority as part of the consideration for the sale of such project shall be deemed a loan pursuant to section 9.

"(d) The Authority may lease any Federal low-rent-housing project, in whole or in part, to a public housing agency. The lessee of any project, pursuant to this paragraph, shall assume and pay all management, operation, and maintenance costs, together with payments, if any, in lieu of taxes, and shall pay to the Authority such annual sums as the Authority shall determine are consistent with maintaining the low-rent character of such project. The provisions of section 321 of the act of June 30, 1932 (U. S. C., 1934 edition, title 40, sec. 303 b), shall not apply to any lease pursuant to this act.

"(e) In the administration of any Federal low-rent-housing project pending sale or lease, the Authority shall fix the rentals at the amounts necessary to pay all management, operation, and maintenance costs, together with payments, if any, in lieu of taxes, plus such additional amounts as the Authority shall determine are consistent with maintaining the low-rent character of such project.

"GENERAL POWERS OF THE AUTHORITY

"SEC. 13. (a) The Authority may foreclose on any property or commence any action to protect or enforce any right conferred upon it by any law, contract, or other agreement. The Authority may bid for and purchase at any foreclosure by any party or at any other sale, or otherwise acquire, and may administer, any low-rent-housing project which it previously owned or in connection with which it has made a loan pursuant to section 9, annual contributions pursuant to section 10, or capital grants pursuant to section 11.

"(b) The acquisition by the Authority of any real property pursuant to this act shall not deprive any State or political subdivision thereof of its civil and criminal jurisdiction in and over such property, or impair the civil rights under the State or local law of the inhabitants on such property; and, insofar as any such jurisdiction may have been taken away or any such rights impaired by reason of the acquisition of any property transferred to the Authority pursuant to section 4 (c), such jurisdiction and such rights are hereby fully restored.

"(c) The Authority may enter into agreements to pay annual sums in lieu of taxes to any State or political subdivision thereof with respect to any real property owned by the Authority. The amount so paid for any year upon any such property shall not exceed the taxes that would be paid to the State or subdivision, as the case may be, upon such property if it were not exempt from taxation thereby.

"(d) The authority may procure insurance against any loss in connection with its property and other assets (including mortgages), in such amounts, and from such insurers, as it deems desirable.

"(e) The Authority may sell or exchange at public or private sale, or lease, any real property (except low-rent-housing projects, the disposition of which is governed elsewhere in this act) or personal property, and sell or exchange any securities or obligations, upon such terms as it may fix. The Authority may borrow on the security of any real or personal property owned by it, or on the security of the revenues to be derived therefrom, and may use the proceeds of such loans for the purposes of this act.

"SEC. 14. Subject to the specific limitations or standards in this act governing the terms of sales, rentals, leases, loans, contracts for annual contributions, contracts for capital grants, or other agreements, the Authority may, whenever it deems it necessary or desirable in the fulfillment of the purposes of this act, consent to the modification, with respect to rate of interest, time of payment of any installment of principal or interest, security, amount of annual contribution, or any other term, of any contract or agreement of any kind to which the Authority is a party or which has been transferred to it pursuant to this act. Any rule of law contrary to this provision shall be deemed inapplicable.

"SEC. 15. In order to insure that the low-rent character of housing projects will be preserved, and that the other purposes of this act will be achieved, it is hereby provided that—

"(1) When a loan is made pursuant to section 9 for a low-rent-housing project the Authority may retain the right, in the event of a substantial breach of the condition (which shall be embodied in the loan agreement) providing for the maintenance of the low-rent character of the housing project involved or in the event of the acquisition of such project by a third party in any manner including a bona-fide foreclosure under a mortgage or other lien held by a third party, to increase the interest payable thereafter on the balance of said loan then held by the Authority to a rate not in excess of the going Federal rate (at the time of such breach or acquisition) plus 2 percent per annum or to declare the unpaid principal on said loan due forthwith.

"(2) When a loan is made pursuant to section 9 for a slum-clearance project the Authority shall retain the right, in the event of the leasing or acquisition of such project by a third party in any manner including a bona-fide foreclosure under a mortgage or other lien held by a third party, to increase the interest payable thereafter on the balance of said loan then held by the Authority to a rate not in excess of the going Federal rate (at the time of such leasing or acquisition) plus 2 percent per annum or to declare the unpaid principal on said loan due forthwith.

"(3) When a contract for annual contributions is made pursuant to section 10, the Authority shall retain the right, in the event of a substantial breach of the condition (which shall be embodied in such contract) providing for the maintenance of the low-rent character of the housing project involved, to reduce or terminate the annual contributions payable under such contract. In the event of the acquisition of such project by a third party in any manner including a bona-fide foreclosure under a mortgage or other lien held by a third party, such annual contributions shall terminate.

"(4) The Authority may also insert in any contract for loans, annual contributions, capital grants, sale, lease, mortgage, or any other agreement or instrument made pursuant to this act, such other covenants, conditions, or provisions as it may deem necessary in order to insure the low-rent character of the housing project involved.

"(5) With respect to housing projects on which construction is hereafter initiated, the Authority shall make loans, grants, and annual contributions only for such low-rent housing projects as it finds are to be undertaken in such a manner (a) that such projects will not be of elaborate or expensive design or materials and economy will be promoted both in construction and administration and (b) that the average construction cost of the dwelling units (excluding land and nondwelling facilities) in any such project is not greater than the average construction cost of dwelling units currently produced by private enterprise, in the locality or metropolitan area concerned, under the legal building requirements applicable to the proposed site, and under labor standards not lower than those prescribed in this act. The Authority shall determine, in making loans, grants, or annual contributions for projects hereafter initiated, that, in each fiscal year, the average family-dwelling-unit cost (as herein defined) shall not exceed $5,000.

"SEC. 16. In order to protect labor standards—

"(1) The provisions of the act of August 30, 1935, entitled 'An act to amend the act approved March 3, 1931, relating to the rate of wages for laborers and mechanics employed by contractors and subcontractors on public buildings' (49 Stat. 1011), and of the act of August 24, 1935, entitled 'An act requiring contracts for the construction, alteration, and repair of any public building or public work of the United States to be accompanied by a performance bond protecting the United States and by an additional bond for the protection of persons furnishing material and labor for the construction, alteration, or repair of said public buildings or public work' (U. S. C., 1934 edition, Sup. II, title 40, secs. 270a to 270d, inclusive), shall apply to contracts in connection with the development or administration of low-rent housing or slum-clearance projects and the furnishing of materials and labor for such projects: *Provided*, That suits shall be brought in the name of the Authority and that the Authority shall itself perform the duties prescribed by section 3 (a) of the act of August 30, 1935, and section 3 of the act of August 24, 1935.

"(2) Any contract for loans, annual contributions, capital grants, sale, or lease pursuant to this act shall contain a provision requiring that the wages or fees prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Authority, shall be paid to all architects, technical engineers, draftsmen, technicians, laborers, and mechanics employed in the development or administration of the low-rent housing or slum-clearance project involved; and the Authority may require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract.

"(3) The act entitled 'An act limiting the hours of daily services of laborers and mechanics employed upon work done for the United States, or for any Territory, or for the District of Columbia, and for other purposes', as amended (37 Stat. 137), shall apply to contracts of the Authority for work in connection with the development and administration of low-rent-housing or slum-clearance projects.

"(4) The benefits of the act entitled 'An act to provide compensation for employees of United States suffering injuries while in the performance of their duties, and for other purposes' (39 Stat. 742), shall extend to officers and employees of the Authority.

"(5) The provisions of sections 1 and 2 of the act of June 13, 1934 (U. S. C., 1934 ed., title 40, secs. 276 (b) and 276 (c), shall

apply to any low-rent housing or slum-clearance project financed in whole or in part with funds made available pursuant to this act.

"(6) Any contractor engaged on any project financed in whole or in part with funds made available pursuant to this act shall report monthly to the Secretary of Labor, and shall cause all subcontractors to report in like manner (within 5 days after the close of each calendar month, on forms to be furnished by the United States Department of Labor), as to the number of persons on their respective pay rolls on the particular project, the aggregate amount of such pay rolls, the total man-hours worked, and itemized expenditures for materials. Any such contractor shall furnish to the Department of Labor the names and addresses of all subcontractors on the work at the earliest date practicable.

"FINANCIAL PROVISIONS

"SEC. 17. The Authority shall have a capital stock of $1,000,000, which shall be subscribed by the United States and paid by the Secretary of the Treasury out of any available funds. Receipt for such payment shall be issued to the Secretary of the Treasury by the Authority and shall evidence the stock ownership of the United States of America.

"SEC. 18. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $26,000,000 for the fiscal year ending June 30, 1938, of which $1,000,000 shall be available to pay the subscription to the capital stock of the Authority. Such sum, and all receipts and assets of the Authority, shall be available for the purposes of this act until expended.

"SEC. 19. Any funds available under any act of Congress for allocation for housing or slum clearance may, in the discretion of the President, be allocated to the Authority for the purposes of this act.

"SEC. 20. (a) The Authority is authorized to issue obligations, in the form of notes, bonds, or otherwise, which it may sell to obtain funds for the purposes of this act. The Authority may issue such obligations in an amount not to exceed $100,000,000 on or after the date of enactment of this act, an additional amount not to exceed $200,000,000 on or after July 1, 1938, and an additional amount not to exceed $200,000,000 on or after July 1, 1939. Such obligations shall be in such forms and denominations, mature within such periods not exceeding 60 years from date of issue, bear such rates of interest not exceeding 4 percent per annum, be subject to such terms and conditions, and be issued in such manner and sold at such prices as may be prescribed by the Authority, with the approval of the Secretary of the Treasury.

"(b) Such obligations shall be exempt, both as to principal and interest, from all taxation (except surtaxes, estate, inheritance, and gift taxes) now or hereafter imposed by the United States or by any State, county, municipality, or local taxing authority.

"(c) Such obligations shall be fully and unconditionally guaranteed upon their face by the United States as to the payment of both interest and principal, and, in the event that the Authority shall be unable to make any such payment upon demand when due, payments shall be made to the holder by the Secretary of the Treasury with money hereby authorized to be appropriated for such purpose out of any money in the Treasury not otherwise appropriated. To the extent of such payment the Secretary of the Treasury shall succeed to all the rights of the holder.

"(d) Such obligations shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds the investment or deposit of which shall be under the authority or control of the United States or any officer or agency thereof. The Secretary of the Treasury is likewise authorized to purchase any such obligations, and for such purchases he may use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such act, as amended, are extended to include any such purchases. The Secretary of the Treasury may at any time sell any of the obligations acquired by him pursuant to this section, and all redemptions, purchases, and sales by him of such obligations shall be treated as public-debt transactions of the United States.

"(e) Such obligations may be marketed for the Authority at its request by the Secretary of the Treasury, utilizing all the facilities of the Treasury Department now authorized by law for the marketing of obligations of the United States.

"SEC. 21. (a) Any money of the Authority not otherwise employed may be deposited, subject to check, with the Treasurer of the United States or in any Federal Reserve bank, or may be invested in obligations of the United States or used in the purchase or retirement or redemption of any obligations issued by the Authority.

"(b) The Federal Reserve banks are authorized and directed to act as depositories, custodians, and fiscal agents for the Authority in the general exercise of its powers, and the Authority may reimburse any such bank for its services in such manner as may be agreed upon.

"(c) The Authority may be employed as a financial agent of the Government. When designated by the Secretary of the Treasury, and subject to such regulations as he may prescribe, the Authority shall be a depository of public money, except receipts from customs.

"(d) Not more than 10 percent of the funds provided for in this act, either in the form of a loan, grant, or annual contribution, shall be expended within any one State.

"PENALTIES

"SEC. 22. All general penal statutes relating to the larceny, embezzlement, or conversion or to the improper handling, retention, use, or disposal of public moneys or property of the United States shall apply to the moneys and property of the Authority and to moneys and properties of the United States entrusted to the Authority.

"SEC. 23. Any person who, with intent to defraud the Authority or to deceive any director, officer, or employee thereof or any officer or employee of the United States, makes any false entry in any book of the Authority or makes any false report or statement to or for the Authority shall, upon conviction thereof, be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

"SEC. 24. Any person who shall receive any compensation, rebate, or reward, or shall enter into any conspiracy, collusion, or agreement, express or implied, with intent to defraud the Authority or with intent unlawfully to defeat its purposes, shall, upon conviction thereof, be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

"SEC. 25. Any person who induces or influences the Authority to purchase or acquire any property or to enter into any contract and willfully fails to disclose any interest, legal or equitable, which he has in such property or in the property to which such contract relates, or any special benefit which he expects to receive as a result of such contract shall, upon conviction thereof, be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

"SEC. 26. No individual association, partnership, or corporation shall use the words 'United States Housing Authority', or any combination of these four words, as the name, or part thereof, under which he or it shall do business. Any such use shall constitute a misdemeanor and shall be punishable by a fine not exceeding $1,000.

"SEC. 27. Wherever the application of the provisions of this act conflicts with the application of the provisions of Public, No. 837, approved June 29, 1936 (49 Stat. 2025); Public, No. 845, approved June 29, 1936 (49 Stat. 2035); or any other act of the United States dealing with housing or slum clearance; or any Executive order, regulation, or other order thereunder, the provisions of this act shall prevail.

"SEC. 28. The President is hereby authorized to make available to the Alley Dwelling Authority, from any funds appropriated or otherwise provided to carry out the purposes of this act, such sums as he deems necessary to carry out the purposes of the District of Columbia Alley Dwelling Act, approved June 12, 1934 (Public, No. 307, 73d Cong.). Such sums shall be deposited in the Conversion of Inhabited Alleys Fund and thereafter shall remain immediately available for the purposes of the District of Columbia Alley Dwelling Act.

"SEC. 29. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provision of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of this act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

"SEC. 30. This act may be cited as the 'United States Housing Act of 1937.'"

The amendment was agreed to.

The bill was ordered to be read a third time, and was read the third time.

Mr. LUCE. Mr. Speaker, I present a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. LUCE. I am.

The SPEAKER. The gentleman is a member of the commitee reporting the bill.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. LUCE moves that the bill be recommitted to the committee with instructions to report the same back forthwith with the following amendment:

On page 39, strike out subsection (a) of section 4, and insert in lieu thereof the following:

"The Administrator is authorized, in accordance with the provisions of the civil-service laws and the Classification Act of 1923, to employ and fix the compensation of such officers, attorneys, experts, and employees as may be necessary for the proper performance of the duties of the Authority under this act at salaries fixed in accordance with the Classification Act."

Mr. STEAGALL. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Massachusetts to recommit the bill.

The question was taken, and the Speaker announced that the noes appeared to have it.

Mr. LUCE. Mr. Speaker, I demand the yeas and nays on the motion to recommit.

The yeas and nays were ordered.

The question was taken; and there were—yeas 140, nays 221, not voting 70, as follows:

[Roll No. 147]

YEAS—140

Allen, Ill.	Ellenbogen	Lord	Rutherford
Allen, Pa.	Engel	Lucas	Sauthoff
Amlie	Englebright	Luce	Schneider, Wis.
Andresen, Minn.	Ferguson	Luckey, Nebr.	Seger
Andrews	Fish	Ludlow	Shafer, Mich.
Arends	Fitzgerald	Luecke, Mich.	Shanley
Bates	Gearhart	McCormack	Sheppard
Bernard	Gehrmann	McLean	Short
Bigelow	Gifford	McMillan	Simpson
Boehne	Griswold	Magnuson	Smith, Conn.
Boileau	Guyer	Mahon, Tex.	Smith, Wash.
Brewster	Gwynne	Mapes	Snell
Buck	Haines	Martin, Mass.	Stefan
Burdick	Halleck	Mason	Taber
Carlson	Hancock, N. Y.	Maverick	Tarver
Case, S. Dak.	Hartley	Mead	Taylor, Tenn.
Church	Havenner	Michener	Teigan
Citron	Hill, Wash.	Millard	Terry
Clason	Holmes	Mott	Thomas, N. J.
Cochran	Hope	O'Connell, Mont.	Thomason, Tex.
Coffee, Wash.	Houston	Oliver	Thompson, Ill.
Cole, N. Y.	Hull	O'Neill, N. J.	Thurston
Crawford	Jarrett	Pace	Tobey
Crosser	Jenkins, Ohio	Patterson	Towey
Crowther	Johnson, Lyndon	Pettengill	Treadway
Dingell	Johnson, Minn.	Powers	Voorhis
Dirksen	Kelly, N. Y.	Ramsay	Wadsworth
Disney	Kenney	Ramspeck	Welch
Ditter	Kinzer	Randolph	White, Ohio
Dockweiler	Knutson	Reece, Tenn.	Wigglesworth
Dondero	Kvale	Reed, Ill.	Withrow
Douglas	Lambertson	Rees, Kans.	Wolcott
Dowell	Lemke	Reilly	Wolfenden
Dunn	Lewis, Colo.	Rich	Woodruff
Eicher	Lewis, Md.	Rogers, Mass.	Woodrum

NAYS—221

Aleshire	Doxey	Keller	Pearson
Allen, Del.	Drew, Pa.	Kelly, Ill.	Peterson, Fla.
Anderson, Mo.	Drewry, Va.	Kennedy, Md.	Peterson, Ga.
Arnold	Driver	Kennedy, N. Y.	Pfeifer
Ashbrook	Duncan	Keogh	Phillips
Atkinson	Eberharter	Kerr	Quinn
Barry	Eckert	Kirwan	Rabaut
Beam	Edmiston	Kitchens	Rankin
Bell	Elliott	Kocialkowski	Richards
Biermann	Evans	Kopplemann	Rigney
Bloom	Faddis	Kramer	Robinson, Utah
Boland, Pa.	Farley	Lanham	Rogers, Okla.
Boren	Flannagan	Lanzetta	Romjue
Boykin	Flannery	Larrabee	Ryan
Boylan, N. Y.	Fleger	Lea	Sabath
Bradley	Fletcher	Leavy	Sacks
Brooks	Forand	Lesinski	Sadowski
Brown	Ford, Calif.	Long	Sanders
Buckler, Minn.	Ford, Miss.	McAndrews	Schaefer, Ill.
Burch	Frey, Pa.	McFarlane	Schuetz
Byrne	Fries, Ill.	McGehee	Schulte
Caldwell	Fuller	McGranery	Secrest
Cannon, Mo.	Garrett	McGrath	Shannon
Cartwright	Gavagan	McKeough	Smith, Va.
Casey, Mass.	Gildea	McLaughlin	Snyder, Pa.
Celler	Gingery	McSweeney	South
Champion	Goldsborough	Mahon, S. C.	Sparkman
Chandler	Gray, Pa.	Maloney	Spence
Chapman	Green	Mansfield	Stack
Clark, N. C.	Greenwood	Martin, Colo.	Starnes
Claypool	Greever	Massingale	Steagall
Coffee, Nebr.	Gregory	May	Sumners, Tex.
Colden	Griffith	Merritt	Sutphin
Cole, Md.	Hancock, N. C.	Miller	Sweeney
Collins	Harrington	Mills	Swope
Colmer	Hart	Mitchell, Tenn.	Taylor, S. C.
Cooley	Harter	Moser, Pa.	Thom
Cooper	Healey	Mosier, Ohio	Thomas, Tex.
Costello	Hendricks	Murdock, Ariz.	Tolan
Cox	Hennings	Murdock, Utah	Transue
Cravens	Higgins	Nichols	Turner
Creal	Hildebrandt	Norton	Umstead
Crowe	Hill, Okla.	O'Brien, Ill.	Vincent, B. M.
Cullen	Honeyman	O'Brien, Mich.	Wallgren
Curley	Hook	O'Connell, R. I.	Wearin
Daly	Hunter	O'Connor, Mont.	Weaver
Deen	Imhoff	O'Connor, N. Y.	Wene
Delaney	Izac	O'Day	West
Dempsey	Jacobsen	O'Leary	Whelchel
DeMuth	Jarman	O'Malley	Whittington
DeRouen	Jenckes, Ind.	O'Toole	Wilcox
Dickstein	Johnson, Luther A.	Owen	Williams
Dies	Johnson, Okla.	Parsons	Wolverton
Dixon	Johnson, W. Va.	Patrick	Wood
Dorsey	Kee	Patton	Zimmerman
			The Speaker

NOT VOTING—70

Allen, La.	Bland	Carter	Cummings
Bacon	Boyer	Clark, Idaho	Doughton
Barden	Buckley, N. Y.	Cluett	Eaton
Beiter	Bulwinkle	Crosby	Fernandez
Binderup	Cannon, Wis.	Culkin	Fitzpatrick
Fulmer	Kloeb	Palmisano	Smith, Maine
Gambrill	Kniffin	Patman	Smith, W. Va.
Gasque	Lambeth	Pierce	Somers, N. Y.
Gilchrist	Lamneck	Plumley	Sullivan
Gray, Ind.	McClellan	Poage	Taylor, Colo.
Hamilton	McGroarty	Polk	Tinkham
Harlan	McReynolds	Rayburn	Vinson, Fred M.
Hill, Ala.	Maas	Reed, N. Y.	Vinson, Ga.
Hobbs	Meeks	Robertson	Walter
Hoffman	Mitchell, Ill.	Robsion, Ky.	Warren
Jenks, N. H.	Mouton	Scott	White, Idaho
Jones	Nelson	Scrugham	
Kleberg	O'Neal, Ky.	Sirovich	

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. BANKHEAD and he answered "no."

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Reed of New York (for) with Mr. Patman (against).
Mr. Robertson (for) with Mr. McReynolds (against).
Mr. Cluett (for) with Mr. Sullivan (against).
Mr. Hoffman (for) with Mr. Beiter (against).
Mr. Kleberg (for) with Mr. Boyer (against).
Mr. Lamneck (for) with Mr. Hobbs (against).
Mr. Smith of Maine (for) with Mr. Vinson of Georgia (against).
Mr. Binderup (for) with Mr. Gray of Indiana (against).
Mr. Bacon (for) with Mr. Scott (against).

General pairs until further notice:

Mr. Rayburn with Mr. Carter.
Mr. Warren with Mr. Eaton.
Mr. Doughton with Mr. Plumley.
Mr. Bland with Mr. Tinkham.
Mr. Fred M. Vinson with Mr. Maas.
Mr. Meeks with Mr. Culkin.
Mr. Taylor of Colorado with Mr. Gilchrist.
Mr. Hill of Alabama with Mr. Jenks of New Hampshire.
Mr. Lambeth with Mr. Walter.
Mr. McClellan with Mr. Poage.
Mr. Scrugham with Mr. Crosby.
Mr. Bulwinkle with Mr. Barden.
Mr. Palmisano with Mr. Mouton.
Mr. Cummings with Mr. O'Neal of Kentucky.
Mr. Somers of New York with Mr. Polk.
Mr. Kniffin with Mr. White of Idaho.
Mr. Jones with Mr. Smith of West Virginia.
Mr. Fulmer with Mr. Buckley.
Mr. Pierce with Mr. Allen of Louisiana.
Mr. Fitzpatrick with Mr. Hamilton.
Mr. Gasque with Mr. Fernandez.
Mr. Harlan with Mr. Clark of Idaho.

Mr. EICHER changed his vote from "no" to "aye."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. HANCOCK of North Carolina. Mr. Speaker, on that I demand the yeas and nays.

The SPEAKER. The gentleman from North Carolina demands the yeas and nays. Those in favor of ordering the yeas and nays will rise and stand until counted. [After counting.] One hundred and fifteen Members have risen, a sufficient number, and the yeas and nays were ordered.

The question was taken; and there were—yeas 275, nays 86, not voting 70, as follows:

[Roll No. 148]

YEAS—275

Aleshire	Burdick	Daly	Evans
Allen, Del.	Byrne	Deen	Faddis
Allen, Ill.	Cannon, Mo.	Delaney	Farley
Allen, Pa.	Cartwright	Dempsey	Ferguson
Amlie	Casey, Mass.	DeMuth	Fish
Anderson, Mo.	Celler	DeRouen	Fitzgerald
Arnold	Champion	Dickstein	Flannagan
Ashbrook	Chandler	Dies	Flannery
Atkinson	Chapman	Dingell	Fleger
Barry	Church	Dirksen	Fletcher
Beam	Citron	Disney	Forand
Beiter	Clark, Idaho	Dixon	Ford, Calif.
Bell	Claypool	Dockweiler	Frey, Pa.
Bernard	Cochran	Dondero	Fries, Ill.
Bigelow	Coffee, Wash.	Dorsey	Gavagan
Bloom	Colden	Dowell	Gearhart
Boehne	Cole, Md.	Drew, Pa.	Gehrmann
Boileau	Collins	Driver	Gildea
Boland, Pa.	Cooper	Duncan	Gingery
Boren	Costello	Dunn	Goldsborough
Boykin	Cravens	Eberharter	Gray, Pa.
Boylan, N. Y.	Creal	Eckert	Green
Bradley	Crosser	Edmiston	Greenwood
Brooks	Crowe	Eicher	Greever
Brown	Crowther	Ellenbogen	Gregory
Buck	Cullen	Elliott	Griffith
Buckler, Minn.	Curley	Engel	Griswold

Haines	Kvale	O'Brien, Mich.	Smith, Conn.
Hancock, N. Y.	Lanzetta	O'Connell, Mont.	Smith, Wash.
Harrington	Larrabee	O'Connell, R. I.	Snyder, Pa.
Hart	Lea	O'Connor, Mont.	Somers, N. Y.
Harter	Leavy	O'Connor, N. Y.	South
Hartley	Lemke	O'Day	Sparkman
Havenner	Lesinski	O'Leary	Spence
Healey	Lewis, Colo.	O'Malley	Stack
Hendricks	Lewis, Md.	O'Neill, N. J.	Starnes
Hennings	Long	O'Toole	Steagall
Higgins	Lucas	Pace	Sumners, Tex.
Hildebrandt	Ludlow	Parsons	Sutphin
Hill, Okla.	Luecke, Mich.	Patrick	Swope
Hill, Wash.	McAndrews	Patterson	Teigan
Honeyman	McClellan	Peterson, Fla.	Terry
Hook	McCormack	Pettengill	Thom
Houston	McFarlane	Pfeifer	Thomas, Tex.
Hull	McGranery	Phillips	Thomason, Tex.
Hunter	McGrath	Powers	Thompson, Ill.
Imhoff	McKeough	Quinn	Tolan
Izac	McLaughlin	Rabaut	Towey
Jacobsen	McSweeney	Ramsay	Transue
Jarman	Magnuson	Ramspeck	Umstead
Jenckes, Ind.	Maloney	Randolph	Vincent, B. M.
Jenkins, Ohio	Mansfield	Reed, Ill.	Vinson, Fred M.
Johnson, Lyndon	Mapes	Reilly	Voorhis
Johnson, Minn.	Martin, Colo.	Rigney	Wallgren
Johnson, Okla.	Mason	Robinson, Utah	Walter
Johnson, W. Va.	Massingale	Rogers, Okla.	Wearin
Kee	Maverick	Romjue	Weaver
Keller	Mead	Ryan	Welch
Kelly, Ill.	Merritt	Sabath	Wene
Kelly, N. Y.	Millard	Sacks	West
Kennedy, Md.	Miller	Sadowski	Wilcox
Kennedy, N. Y.	Mills	Sauthoff	Williams
Kenney	Moser, Pa.	Schaefer, Ill.	Withrow
Keogh	Mosier, Ohio	Schuetz	Wolcott
Kerr	Mott	Schulte	Wolverton
Kirwan	Murdock, Ariz.	Secrest	Wood
Kocialkowski	Murdock, Utah	Seger	Zimmerman
Kopplemann	Norton	Shanley	The Speaker
Kramer	O'Brien, Ill.	Shannon	

NAYS—86

Andrews	Gifford	Martin, Mass.	Simpson
Arends	Guyer	May	Snell
Bates	Gwynne	Michener	Stefan
Biermann	Halleck	Mitchell, Tenn.	Taber
Brewster	Hancock, N. C.	Nichols	Tarver
Caldwell	Holmes	Oliver	Taylor, S. C.
Carlson	Hope	Owen	Taylor, Tenn.
Clason	Jarrett	Patton	Thomas, N. J.
Coffee, Nebr.	Johnson, Luther A.	Pearson	Thurston
Cole, N. Y.	Kinzer	Peterson, Ga.	Tobey
Colmer	Kitchens	Polk	Treadway
Cooley	Knutson	Rankin	Turner
Cox	Lambertson	Reece, Tenn.	Wadsworth
Crawford	Lanham	Rees, Kans.	Whelchel
Ditter	Lord	Rich	White, Ohio
Douglas	Luce	Richards	Whittington
Doxey	Luckey, Nebr.	Rogers, Mass.	Wigglesworth
Drewry, Va.	McGehee	Rutherford	Wolfenden
Englebright	McLean	Sanders	Woodruff
Ford, Miss.	McMillan	Shafer, Mich.	Woodrum
Fuller	Mahon, S. C.	Sheppard	
Garrett	Mahon, Tex.	Short	

NOT VOTING—70

Allen, La.	Doughton	Kniffin	Robertson
Andresen, Minn.	Eaton	Lambeth	Robsion, Ky.
Bacon	Fernandez	Lamneck	Schneider, Wis.
Barden	Fitzpatrick	McGroarty	Scott
Binderup	Fulmer	McReynolds	Scrugham
Bland	Gambrill	Maas	Sirovich
Boyer	Gasque	Meeks	Smith, Maine
Buckley, N. Y.	Gilchrist	Mitchell, Ill.	Smith, Va.
Bulwinkle	Gray, Ind.	Mouton	Smith, W. Va.
Burch	Hamilton	Nelson	Sullivan
Cannon, Wis.	Harlan	O'Neal, Ky.	Sweeney
Carter	Hill, Ala.	Palmisano	Taylor, Colo.
Case, S. Dak.	Hobbs	Patman	Tinkham
Clark, N. C.	Hoffman	Pierce	Vinson, Ga.
Cluett	Jenks, N. H.	Plumley	Warren
Crosby	Jones	Poage	White, Idaho
Culkin	Kleberg	Rayburn	
Cummings	Kloeb	Reed, N. Y.	

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. BANKHEAD, and he answered "aye."

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Patman (for) with Mr. Reed of New York (against).
Mr. McReynolds (for) with Mr. Robertson (against).
Mr. Sullivan (for) with Mr. Cluett (against).
Mr. Boyer (for) with Mr. Kleberg (against).
Mr. Hobbs (for) with Mr. Lamneck (against).
Mr. Vinson of Georgia (for) with Mr. Smith of Maine (against).
Mr. Culkin (for) with Mr. Hoffman (against).

Additional general pairs:

Mr. Burch with Mr. Andresen of Minnesota.
Mr. Nelson with Mr. Robsion of Kentucky.
Mr. Smith of Virginia with Mr. Case of South Dakota.
Mr. Clark of North Carolina with Mr. Schneider of Wisconsin.
Mr. Gambrill with Mr. Bacon.
Mr. Sweeney with Mr. Maas.
Mr. Bland with Mr. Tinkham.
Mr. Doughton with Mr. Plumley.
Mr. Hill of Alabama with Mr. Jenks of New Hampshire.
Mr. Warren with Mr. Eaton.
Mr. Rayburn with Mr. Carter.
Mr. Taylor of Colorado with Mr. Gilchrist.

Mr. KITCHENS changed his vote from "aye" to "no."

Mr. SHAFER of Michigan changed his vote from "aye" to "no."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CONSERVATION OF HELIUM GAS

Mr. DRIVER, from the Committee on Rules, submitted the following resolution (H. Res. 323, Rept. No. 1595) on the bill (S. 1567) authorizing the conservation, production, exportation, and sale of helium gas, for printing in the RECORD:

House Resolution 323

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of S. 1567, an act authorizing the conservation, production, exploitation, and sale of helium gas, a mineral resource pertaining to the national defense and to the development of commercial aeronautics, authorizing the acquisition, by purchase or otherwise, by the United States of properties for the production of helium gas, and for other purposes. That after general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Military Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

EXTENDING THE CIVIL SERVICE ADMINISTRATION

Mr. MEAD, from the Select Committee on Government Organization, submitted a privileged report on the bill (H. R. 8277, Rept. 1587) to establish a Civil Service Administration, to extend the merit system, to extend the Classification Act of 1923, and for other purposes, which was referred to the Union Calendar and ordered printed.

STAMP TAX ON STEAMSHIP TICKETS BETWEEN UNITED STATES AND PUERTO RICO

Mr. THOMPSON of Illinois. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 1481) to amend the Revenue Act of 1926, as amended, to exempt persons traveling between Puerto Rico and the continental United States from the payment of a stamp tax on steamship tickets.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. SNELL. Mr. Speaker, reserving the right to object, it was understood no more business would come up here tonight. I told a great many Members they could go home after this roll call. I understood a motion to adjourn would come immediately.

Mr. THOMPSON of Illinois. This is a unanimous report from the Committee on Ways and Means.

Mr. SNELL. We will have plenty of time tomorrow.

The SPEAKER. The Chair will recognize the gentleman tomorrow if objection is made.

Mr. SNELL. Mr. Speaker, I object.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 4277. An act to provide for the extension of certain prospecting permits, and for other purposes;

H. R. 6563. An act to define, regulate, and license real-estate brokers, business-chance brokers, and real-estate salesmen; to create a real estate commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes;

H. R. 7909. An act to amend the Federal Farm Loan Act, to amend the Emergency Farm Mortgage Act of 1933, to

amend the Farm Credit Act of 1933, to amend the Federal Farm Mortgage Corporation Act, to amend the Agricultural Marketing Act, and for other purposes; and

H. J. Res. 363. Joint resolution to authorize an additional appropriation to further the work of the United States Constitutional Sesquicentennial Commission.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1283. An act to increase the extra pay to enlisted men for reporting; and

S. 2281. An act to regulate proceedings in adoption in the District of Columbia.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H. R. 4277. An act to provide for the extension of certain prospecting permits, and for other purposes.

H. R. 7909. An act to amend the Federal Farm Loan Act, to amend the Emergency Farm Mortgage Act of 1933, to amend the Farm Credit Act of 1933, to amend the Federal Farm Mortgage Corporation Act, to amend the Agricultural Marketing Act, and for other purposes; and

H. J. Res. 363. Joint resolution to authorize an additional appropriation to further the work of the United States Constitution Sesquicentennial Commission.

ADJOURNMENT

Mr. O'CONNOR of New York. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 9 o'clock and 22 minutes p. m.) the House adjourned until tomorrow, Thursday, August 19, 1937, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MEAD: Select Committee on Government Organization. H. R. 8277. A bill to establish the Civil Service Administration, to extend the merit system, to extend the Classification Act of 1923, and for other purposes; without amendment (Rept. No. 1587). Referred to the Committee of the Whole House on the state of the Union.

Mr. SOMERS of New York: Committee on Coinage, Weights, and Measures. H. R. 7869. A bill to define certain units and to fix the standards of weights and measures of the United States; with amendment (Rept. No. 1588). Referred to the House Calendar.

Mr. GRISWOLD: Committee on Flood Control. H. R. 6560. A bill to authorize a modification of the project for the control of floods in Lowell Creek, Alaska; without amendment (Rept. No. 1594). Referred to the Committee of the Whole House on the state of the Union.

Mr. HARLAN: Committee on Rules. House Resolution 323. A resolution providing for the consideration of S. 1567; without amendment (Rept. No. 1595). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. COFFEE of Washington: Committee on Claims. H. R. 3648. A bill for the relief of the K. E. Parker Co.; with amendment (Rept. No. 1589). Referred to the Committee of the Whole House.

Mr. ATKINSON: Committee on Claims. H. R. 6296. A bill for the relief of Dr. A. C. Antony and others; with amendment (Rept. No. 1590). Referred to the Committee of the Whole House.

Mr. KEOGH: Committee on Claims. H. R. 6370. A bill for the relief of Joseph Calarese; with amendment (Rept. No. 1591). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. S. 2699. An act for the relief of Max D. Ordman; without amendment (Rept. No. 1592). Referred to the Committee of the Whole House.

Mr. LESINSKI. Committee on Invalid Pensions. H. R. 8280. A bill granting pension to a soldier, and pensions and increase of pensions to certain widows, former widows, and helpless and dependent children of soldiers and sailors of the Civil War; without amendment (Rept. No. 1593). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. FRED M. VINSON: A bill (H. R. 8276) to amend the Budget and Accounting Act of 1921, to establish the Office of Auditor General of the United States, and for other purposes; to the Select Committee on Government Organization.

By Mr. MEAD: A bill (H. R. 8277) to establish the Civil Service Administration, to extend the merit system, to extend the Classification Act of 1923, and for other purposes; to the Select Committee on Government Organization.

By Mr. MAY (by request): A bill (H. R. 8278), to provide for the exploitation of oil, gas, and other minerals on the lands comprising the Barksdale Field Military Reservation, La.; to the Committee on Military Affairs.

By Mr. VOORHIS: A bill (H. R. 8279) to amend the Social Security Act to provide for aid to transients; to the Committee on Ways and Means.

By Mr. DREWRY of Virginia: A bill (H. R. 8281) authorizing the Superintendent of the United States Naval Academy, Annapolis, Md., to accept gifts and bequests of money for the purpose of erecting a building on land now owned by the United States Government at the Naval Academy, and for other purposes; to the Committee on Naval Affairs.

By Mr. MAVERICK: A bill (H. R. 8282) creating a United States Unemployment Commission to investigate the problem of unemployment in the United States, and for other purposes; to the Committee on Labor.

By Mr. WIGGLESWORTH: Resolution (H. Res. 321) requesting the Federal Communications Commission to transmit to the House of Representatives all information regarding any member, agent, or employee of the Commission financially interested in the manufacture or sale of any radio appliances; to the Committee on Interstate and Foreign Commerce.

By Mr. SHANNON: Resolution (H. Res. 322) to adjust the pay of employees of the House restaurant; to the Committee on Accounts.

By Mr. ELLENBOGEN: Joint resolution (H. J. Res. 492) proposing an amendment to the Constitution of the United States providing for a term of 4 years for Representatives in Congress; to the Committee on Election of President, Vice President, and Representatives in Congress.

By Mr. McCORMACK: Joint resolution (H. J. Res. 493) consenting to an interstate compact relating to flood control in the Connecticut River Valley; to the Committee on Flood Control.

Also, joint resolution (H. J. Res. 494) consenting to an interstate compact relating to flood control in the Merrimack River Valley; to the Committee on Flood Control.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severallly referred as follows:

By Mr. EDMISTON: A bill (H. R. 8283) granting a pension to Rachel Melvina Ann Campbell Frum; to the Committee on Invalid Pensions.

By Mr. HANCOCK of New York: A bill (H. R. 8284) for the relief of Anthony O'Hara; to the Committee on Claims.

By Mr. HENDRICKS: A bill (H. R. 8285) granting a pension to Bessie Hall; to the Committee on Invalid Pensions.

By Mr. O'CONNOR of Montana: A bill (H. R. 8286) for the relief of Bessie C. Baker and Aaron Noah Baker; to the Committee on Claims.

By Mr. POAGE: A bill (H. R. 8287) for the relief of Mrs. Neal Bassel; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3295. By Mr. CLASON: Petition of Giles W. Halladay, Herman A. Cordes, and Rocco Cascella, members of the Board of Selectmen of the Town of Agawam, Mass., requesting the consent of Congress to the ratification of the Connecticut River flood-control compact as entered into by the States of New Hampshire, Vermont, Rhode Island, and Massachusetts; to the Committee on Flood Control.

3296. By Mr. COLDEN: Petition of 71 citizens of Los Angeles County, Calif., urging the enactment of House bill 6587, providing for the transfer of all positions under collectors of internal revenue (including the collectors) to the classified civil service; to the Committee on the Civil Service.

3297. By Mr. CURLEY: Petition of Local 802, American Federation of Musicians, Associated Musicians of Greater New York, urging enactment of the Allen-Schwellenbach bill; to the Committee on Appropriations.

3298. By Mr. MOTT: Petition of Ray F. Sloneker and 26 other citizens of Medford, Oreg., protesting against the enactment of House Joint Resolution 285; to the Committee on the Library.

3299. By Mr. THURSTON: Petition of members of the Woman's Missionary Society of the Methodist Church of Cedar, Iowa, urging legislation to take the profits out of war and opposing any offensive war by proper methods; to the Committee on Military Affairs.

3300. By the SPEAKER: Petition of the American Radio Telegraphists Association, New York, N. Y., concerning Black-Connery bill, which would establish minimum wages and maximum hours of work; to the Committee on Labor.

SENATE

THURSDAY, AUGUST 19, 1937

(Legislative day of Monday, Aug. 16, 1937)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On request of Mr. BARKLEY, and by unanimous consent, the reading of the Journal of the proceedings of the calendar day Wednesday, August 18, 1937, was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the House had agreed to the report of committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 2512) to authorize an appropriation for the construction of small reservoirs under the Federal reclamation laws.

The message also announced that the House had passed the bill (S. 1685) to provide financial assistance to the States and political subdivisions thereof for the elimination of unsafe and insanitary housing conditions, for the eradication of slums, for the provision of decent, safe, and sanitary dwellings for families of low income, and for the reduction of unemployment and the stimulation of business activity, to create a United States Housing Authority, and for other purposes, with an amendment, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1283. An act to increase the extra pay to enlisted men for reporting;

S. 2281. An act to regulate proceedings in adoption in the District of Columbia; and

H. R. 6563. An act to define, regulate, and license real-estate brokers, business-chance brokers, and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes.

CALL OF THE ROLL

Mr. LEWIS. As we are entering upon the serious consideration of the tax bill and need a quorum, I suggest the absence of one, and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Clark	Johnson, Colo.	Radcliffe
Andrews	Connally	King	Reynolds
Ashurst	Copeland	La Follette	Schwartz
Austin	Davis	Lewis	Schwellenbach
Bankhead	Dieterich	Lodge	Sheppard
Barkley	Donahey	Logan	Shipstead
Berry	Ellender	Lonergan	Smathers
Bilbo	George	Lundeen	Smith
Bone	Gerry	McAdoo	Steiwer
Borah	Gillette	McGill	Thomas, Okla.
Bridges	Glass	McKellar	Thomas, Utah
Brown, Mich.	Green	Minton	Townsend
Brown, N. H.	Guffey	Moore	Truman
Bulkley	Hale	Murray	Van Nuys
Bulow	Harrison	Neely	Wagner
Burke	Hatch	Nye	Walsh
Byrd	Herring	O'Mahoney	Wheeler
Byrnes	Hitchcock	Overton	White
Capper	Holt	Pepper	
Caraway	Hughes	Pittman	
Chavez	Johnson, Calif.	Pope	

Mr. LEWIS. I announce that the Senator from Wisconsin [Mr. DUFFY] and the Senator from Georgia [Mr. RUSSELL] are absent on official duty as members of the committee appointed to attend the dedication of the battle monuments in France.

I further announce that the Senator from North Carolina [Mr. BAILEY], the Senator from Connecticut [Mr. MALONEY], and the Senator from Nevada [Mr. MCCARRAN] are absent because of illness.

The Senator from Maryland [Mr. TYDINGS] and the Senator from Oklahoma [Mr. LEE] are necessarily detained from the Senate.

Mr. SCHWELLENBACH. I announce that the Senator from Nebraska [Mr. NORRIS] is detained from the Senate because of illness.

Mr. AUSTIN. I announce that my colleague the junior Senator from Vermont [Mr. GIBSON] is absent in connection with the dedication of the battle monuments in France, having been appointed a member of the commission to attend those ceremonies.

The VICE PRESIDENT. Eighty-one Senators have answered to their names. A quorum is present.

HUGO L. BLACK

Mr. BANKHEAD. Mr. President, yesterday I put some telegrams in the RECORD having reference to the appointment of my colleague [Mr. BLACK] to be an Associate Justice of the Supreme Court of the United States. I desire this morning to place in the RECORD a telegram from the president of Tuskegee Institute, Ala., the leading colored institute or college of this country. I will read the telegram, which is addressed to Senator HUGO L. BLACK:

TUSKEGEE INSTITUTE, ALA., *August 18, 1937.*

Senator HUGO L. BLACK:

Tuskegee Institute joins with your many friends in Alabama and over the Nation at large in congratulating you upon the signal honor bestowed upon you in your election to the highest tribunal of the Nation. We wish for you every success.

F. D. PATTERSON, *President.*

Mr. Patterson, president of the institute, of course, is well known to be a colored man.

SUPPLEMENTAL ESTIMATE, DEPARTMENT OF THE INTERIOR (S. DOC. NO. 113)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of the Interior, fiscal year 1938 (Bureau of